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World Business Newspaper WEDNESDAY APRIL 19 1995 D8523A

Decade of world growth forecast

World Bank warns of painful adjustments to competition from developing countries

By Guy de Jonquières, Business Editor, in London

Many developing countries ara set for a decade of sustained economic expansion, in spite of an expected slowdown in short-term inflows of private capital prompted by Mexico's financial crisis, according to the World Bank.

The bank makes the forecasts in a report which presents a generally optimistic long-term outlook for the world economy. It expects continuing growth, allied with low inflation, strong increases in world trade and falling real commodity prices.

The report expects real economic growth to average almost 3 per cent annually in industrialised countries and almost 6 per cent in developing ones until 2004. It forecasts the world economy will expand by 3.3 per cent a year.

But the Mexican crisis has caused the bank to trim its forecast for next year's growth in Latin America by 0.5 per cent. Tha report says investors' shaken confidence will cause capital inflows into developing countries to expand more slowly in the next few years.

"It may take some time for confidence in emerging markets to be re-establisbed following the Mexican crisis, but in the medium term, private capital flows to developing countries are expected to resume growtb, albeit at a slower pace than in the 1990s," the report says.

Mr Michael Bruno, the bank's chief economist, said in London that the positive forecast was reflected in the increasing integration of developing countries into the world trade system.

Liberalisation bad belped devaloping countries grow, on average, 2.5 per cent faster than the industrialised countries since 1990 – a trend the bank expects to continue.

However, the bank warns the world economy faces greater volatility and frictions in the next decade, caused by sharp movements in financial markets and painful adjustments by industries in developed countries to increased competition from developing ones.

But it says westero economies will gain more than they lose from the expansion of developing countries, whicb will provide bigger markets for exports of goods and services from tbe industrialised world. The bank does not expect tbe Mexican crisis to have a widespread impact on other developing countries.

"Mexico's is an individual country crisis, not a systemic one threatening a general reversal of private flows to developing countries," it says.

But Mr Bruno said: "We don't know wbat will bappen to Mexico." He was also uncertain about prospects for Argentina and Brazil, whicb have been affected by the backwash of the Mexico crisis.

It says tbe performance of developing countries will be uneveo in the next decade. Only east and south Asia and eastern Europe will enjoy annual real growth of income per bead higher than the 2.3 per cent forecast for industrialised countries. Though growth sbould resume in other developing regions, average gross domestic product per head in sub-Saharan Africa, the Middle East, North Africa and the former Soviet Union could be lower in 2000 than in 1980.

But Mr Bruno cautioned against placing too mucb weight on the bank's numerical forecasts, noting that efforts to project countries' performance on the basis of their past growth were often mistaken.

Recession or prosperity, Page 8
Editorial Comment, Page 13

Going down: Trader Dieter Merken in Düsseldorf signals the dollar's continued slide against the European currencies yesterday. The dollar fell sharply after comments from Ron Brown, the US commerce secretary, that the US would reconsider imposing trade sanctions against Japan. In New York, sterling fell to an historic low against the D-Mark in the wake of the falling dollar Currencies, Page 27 Picture: EPA

EU policymaking run by 'big three', says commissioner

France, Germany and Britain bava hijacked Europe's fledgling common foreign and security policy and are squeezing the smaller European Union members out of decision-making, according to external affairs commissioner, Hans van den Broek. He called for a new "grand bargain" at next year's intergovernmental conference to redress the balance of power in the 15-member EU, including diluting the national veto. Page 14

Merrill Lynch raises dividend: Merrill Lynch, the largest securities firm in the US, raised its quarterly dividend and reported its first increase in net income over the previous quarter since the industry's profitability began to fall last year. Page 15

IMF calls for higher US interest rates: The International Monetary Fund called on the US to raise interest rates to help strengthen the dollar and contain domestic inflationary pressures. Page 6

China's growth rate slows: China's economic growth alowed in the first quarter to 11.2 per cent a year, against 12.7 per cent in the same period last year, but the growth rate remains higher than the official 1995 target of less than 10 per cent. Page 14; *Lifting the cloak from China's silk trade*, Page 7

Sixth Argentine bank shut down: The Argentine central bank has suspended Banco Austral, a trade finance bank, bringing to six the number of financial entities temporarily shut down in the past week. Page 6

Sprint and GTE report sales growth: Sprint and GTE, two leading US telephone companies, reported steady earnings growth of 9 per cent and 8 per cent respectively for the first quarter on growth in mobile phone customers of about 50 per cent. Page 17

Citicorp revenues total $4.4bn: Citicorp, the US's biggest bank, registered a 15 per cent increase in revenues, to $4.4bn, due in large part to a jump in wholesale banking earnings. Page 17

UK gives assurance on nuclear cutback:

British foreign minister, Douglas Hurd (left), said that the UK had ceased making plutonium and enriched uranium for use in nuclear weapons. He told the UN conference on extending the nuclear Non-Proliferation treaty that the UK "wanted to see an early conclusion of an effective comprehensive test ban treaty" and repeated figures showing the UK had cut its nuclear warheads by 21 per cent since the 1970s. Page 8

Cigarette sales boost Philip Morris: A big increase in cigarette sales at home and abroad helped Philip Morris, the US tobacco and food group, produce a 16 per cent rise in first-quarter net earnings, to $1.36bn, excluding the effect of accounting changes. Page 18; Lex, Page 14

Call for fresh talks on China in WTO: European Commission vice-president, Sir Leon Brittan, called for a fresh start to talks on China's membership of the World Trade Organisation, the successor body to the General Agreement on Tariffs and Trade. Page 7

US pushes for Caspian pipeline: Deputy US energy secretary, William White, has begun a seven-nation tour to break a deadlock over building an oil pipeline from the former Soviet Caspian Sea. Page 8

Japanese in Boeing deal: Three Japanese aircraft manufacturers have reached an agreement with Boeing of the US for production of the upgraded version of the Boeing 737 small passenger jet. Page 20

Alcatel appoints Suard replacement: French industrial and telecommunications group, Alcatel Alsthom appointed Marc Vienot as a replacement for chairman Pierre Suard, banned from the company following a judicial order. Page 16

Tokyo accused over car talks: The American Automobile Manufacturers' Association accused Tokyo of stalling as talks aimed at opening Japan's car markets to more competition continued in Washington.

Lockerbie widow awarded $19m: A US federal jury awarded $19m to the widow of an executive killed in the 1988 bombing of Pan Am flight 103 over Lockerbie, Scotland. It is believed to be the largest airline disaster award ever given to one person.

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	4,188.12	(-7.26)
NASDAQ Composite	828.13	(-2.69)
Europe and Far East		
CAC40	1,855.7	(-25.44)
DAX	1,965.29	(-21.16)
FT-SE 100	3,194.5	(-14.3)
Nikkei	16,225.1	(-79.04)

■ US LUNCHTIME RATES

Federal Funds	6%
3-mth Treas Bills: Yld	5.765%
Long Bond	103 1/8
Yield	7.358%

■ OTHER RATES

UK: 3-mo Interbank	6 5/8%	(6 3/4%)
UK: 10 yr GR	101 1/4	(Same)
France: 10 yr OAT	97.87	(98.21)
Germany: 10 yr Bund	102.27	(102.09)
Japan: 10 yr JGB	110.241	(108.981)

■ NORTH SEA OIL (Argus)

Brent 15-day (Jun)	$18.35	(17.86)

■ GOLD

New York: Comex		
June	$397.8	(396.5)
London:		
close	$393.9	(389.1)

■ DOLLAR

New York: lunchtime		
£	1.61435	
DM	1.3825	
FFr	4.7965	
SFr	1.1235	
Y	81.875	
London:		
£	1.6128	(1.6155)
DM	1.3677	(1.3715)
FFr	4.8153	(4.798)
SFr	1.1279	(1.1295)
Y	81.52	(82.075)

■ STERLING

DM	2.2059	(2.2157)
Tokyo close:	Y 81.1	

Seagram may write down big budget Waterworld

By Tony Jackson in New York

Seagram, the US drinks group, which last week agreed to pay $5.7bn for control of the Hollywood studio MCA, has raised the possibility of writing down the value of *Waterworld*, the forthcoming MCA production starring Kevin Costner.

Waterworld, the most expensive film ever made, is being widely touted as a financial disaster.

Originally budgeted at $100m – double last year's average for Hollywood films – it is thought to have cost well over $150m to date.

Analysts have suggested *Waterworld* might need box-office and other revenues of over $300m to cover its final costs. Only 10 of the 300 films released by Hollywood last year grossed over $100m in the US, though two – Paramount's *Forrest Gump* and Disney's *The Lion King* – reached $300m each.

In a filing to the US Securities and Exchange Commission, Seagram gave as a condition of the MCA purchase that MCA would not write down or up the value of any of its receivables, other than "with respect to the film *Waterworld*".

Seagram declined further comment yesterday, on the grounds that it does not take control of MCA until June 1. "Our due diligence people have not been in there for a week yet," a spokesman said.

Mr Edgar Bronfman, Seagram's chief executive and a film enthusiast, said last week "I hear it's a great picture, and I look forward to seeing it". Seagram said yesterday it was unlikely he had yet dona ao. The film is not due for relaase until the end of July.

Waterworld, a futuristic tale of a world flooded by the melting of the polar ice caps, has been plagued by production difficulties since shooting started last June.

Filmed partly in a harbour off Hawaii and partly in a giant tank in Los Angeles, the action takes place almost wholly in water or under it. Problems hava included bad weather and seasickness.

Kevin Costner, who stars in the picture as a mutant with gills, has made box office successes such as *Robin Hood: Prince of Thieves*. However, other films, such as *Wyatt Earp*, proved commercial failures.

Seagram's filing to the SEC is seen as a technical precaution, giving it leeway to write the film's value down early if necessary. If done as part of the acquisition this would have less immediata impact on Seagram's reported profits, since the resulting goodwill would be amortised over a period of years.

Nintendo takes a Rare stake in UK

By Paul Taylor in London

Nintendo, the biggest video games group, is buying a 25 per cent stake in Rare, a small British software company which will be transformed into one of the world's largest video game developers.

The "multi-million dollar" deal, to be formally announced today, marks the first time Nintendo has invested in a video game development company outside Japan.

Rare, set up just over a decade ago in a farmhouse by Mr Christopher Stamper, a university drop-out, his two brothers and some friends, was responsible for the blockbuster video games hit Donkey Kong Country.

Donkey Kong: blockbuster hit

The game was developed for Nintendo using Rare's powerful workstations and sophisticated 3-D graphics software, called advanced computer modelling. More than 7.4m copies of tbe game have been sold since its launch last November.

The game whicb pits Donkey and Diddy Kong against the Nasty Kremlings in an effort to collect bananas, has netted around £300m ($480m) since its launch, making it the most successful game in the volatile industry.

Rare, which has worked with Nintendo on games for the Japanese group's machines for the past 10 years, will use the proceeds of the deal to expand its staff of 84 video games developers to 250 over the next two years.

Commenting on the the deal, Mr Tim Stamper, Rare's managing director, said: "We are extremely excited to expand our relationship with Nintendo, and at the same time, bring jobs and worldwide attention to the UK."

The deal is the latest in a series of alliances and takeovers involving small British games developers and multi-national hardware vendors and multimedia groups announced over the past year.

This rush to forge links with the small handful of highly creative video and computer games developers reflects the concern of the hardware vendors and others to ensure a supply of high quality new software for the next generation of games machines.

Hoechst challenges UK tax levy on dividends

By Simon London, Jenny Luesby and Alison Smith in London

Hoechst, the German chemicals group, bas issued higb court writs against the Inland Revenue, cballenging tbe legality of advance corporation tax levied on dividends paid by the company's UK subsidiary to tbe parent.

Hoechst said yesterday it had not yet served the writs, but had lodged papers witb the Inland Revenue.

The company is claiming that tbe ACT payments contravene European law, as well as tbe UK's long-standing tax treaty with Germany.

"We will have to wait and see what response we get from the Inland Revenue before deciding what happens next," said Mr Bob Davies, company secretary at Hoechst UK.

The Inland Revenue yesterday refused to comment oo Hoechst's claims, but said it believed the ACT payments on dividends between subsidiaries and their parents were fully in accordance witb European Union law and the UK's tax treaties.

Hoechst's case, if successful, could set a precedent whicb would allow other European companies to demand the repayment of hundreds of millions of pounds of ACT.

UK tax specialists suggest it could also prompt further court actions, to test wbere the boundary lies between UK and European tax laws.

"This is an emerging area," said Mr David Cruickshank, a corporate tax partner at Touche Ross, the accountancy firm. "If their argument is right, there are a number of other areas where one could see a similar argument being put forward by pareot companies in other European jurisdictions."

Hoechst is making two separate claims against the Revenue. One is by Hoecbst AG, tbe group's parent company, and is for tax payments made on dividends received from the group's UK subsidiary – including £25.25m on dividends paid by Hoechst UK since 1990.

A secondary claim is by

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© THE FINANCIAL TIMES LIMITED 1995 No 32,653 Week No 16 LONDON · PARIS · FRANKFURT · STOCKHOLM · NEW YORK · TOKYO

Threat to withdraw peacekeepers hangs over latest initiative by Paris

France demands firmer action in Bosnia

By David Buchan in Paris, Laura Silber in Belgrade and Agencies

The French government yesterday stepped up both its threats to withdraw its peacekeepers from Bosnia, and its demands for international diplomatic action to avoid such a withdrawal, which it still describes as a last resort.

Peacekeeping in Bosnia has become a controversial issue in France, in the run-up to Sunday's first round of presidential elections, following the deaths of two French soldiers in sniping incidents in Sarajevo last Friday and Saturday. The United Nations has said it cannot determine whether the Bosnian Serbs or forces of the Moslem-led government were responsible for the killings.

However, Mr Alain Juppé, the French foreign minister, said in New York last night there was preliminary evidence to suggest Bosnian government forces had been responsible for one of the deaths. The latest casualties bring the number of French dead to 33.

A government statement issued in Paris said France "would have to decide on the withdrawal of its troops in Bosnia" unless a broad diplomatic initiative by France was successful. Setting out the aims of this action, it said the present ceasefire should be respected and prolonged, negotiations between the warring parties should be resumed and more must be done to ensure the safety of UN peacekeepers. French diplomats said the most important of these conditions, in the short term, was extension of the notional truce beyond the end of this month.

A unilateral withdrawal by France, whose 4,400 men are the biggest single contingent of peacekeepers in Bosnia, could cripple the effectiveness of the UN, which is already struggling with a virtual breakdown of the ceasefire.

British officials said they would readily consider French proposals for an emergency debate on Bosnia at the UN Security Council, although they had not been warned of the French initiative before it was made publicly.

Mr Yasushi Akashi, the senior UN envoy to former Yugoslavia, said other troop contributors would consider their presence in Bosnia if sniping incidents, of the kind which claimed the two French lives, continued.

As part of a broad diplomatic initiative, France wants an emergency debate at the UN, revival of the defunct London peace conference and a meeting of the five-nation contact group on Bosnia at ministerial level.

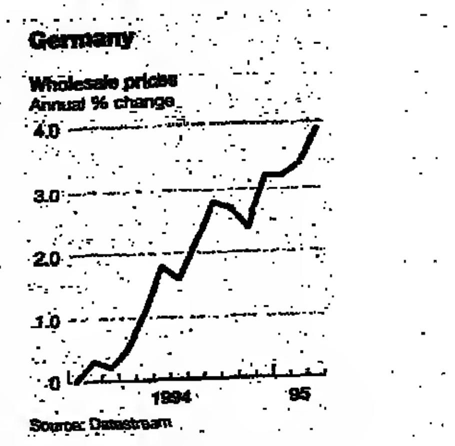
Mr Edouard Balladur, French prime minister, sought to implicate his main presidential rivals in yesterday's diplomatic moves, stressing that the moves had been approved by President François Mitterrand - and therefore, by implication, Mr Lionel Jospin, the Socialist candidate. Mr Juppé, who is spearheading the initiative, backs Mr Jacques Chirac for president.

Mr Philippe de Villiers, a conservative candidate, has called for French soldiers to shoot back. Mr Jean-Marie Le Pen, National Front leader, has demanded a pull-out, saying France should not become "the Christ of the nations", shedding its blood for others.

The US protested strongly yesterday that its ambassador to Bosnia had been forced to take a dangerous mountain route out of Sarajevo because the Serbs refused him safe passage by air.

Issing rejects industry fears over D-Mark

By Christopher Parkes in Frankfurt



German industry's concerns about the damaging effects of the rise in the D-Mark were dismissed yesterday by Mr Otmar Issing, a leading member of the Bundesbank's governing directorate.

Claiming that revaluation had so far brought only benefits, including falling inflation and protection against the economy's overheating, he suggested that fears the strengthening currency would stifle exports were premature.

However, his remarks, quoted in an interview with the Süddeutsche Zeitung, did nothing to stem the fall in German share prices, led by export-dependent companies.

Daimler-Benz shares, for example, shed a further DM14 to DM622.80 in a decline started last week when Mr Edzard Reuter, chairman, said revaluation and high pay awards would wipe out many of the benefits of industry's recent restructuring.

Mr Issing, an especially trusted ally of Mr Hans Tietmeyer, Bundesbank president, claimed that whole industrial sectors had already effectively concluded their export deals for this year. He suggested that exchange rate variations, taken in isolation, would be more likely to have a depressing effect on foreign sales next year.

Even then, this would probably be counter-balanced by a probable improvement in domestic demand thanks to impending tax cuts. In the meantime, business should increase its flexibility the better to master any problems caused by the currency's strength, Mr Issing suggested.

Returning to the Bundesbank's main area of responsibility in the monetary sphere, he said the exchange rate was helping keep prices down, and added that he believed the annual inflation rate would fall further than the 2.3 per cent recorded in March.

His view was supported by the bank's latest monthly report, released yesterday, which said prices in west Germany had been rising at a seasonally-adjusted annualised rate of only 2 per cent in the six months to March.

Price movements for manufactured goods had been very moderate, while rents and the cost of services had shown relatively high increases, it said. Mr Issing, in his remarks, also appeared pleased that German companies had "quite abruptly" stopped attempts to increase export prices – a process which carried "the risk of infection" for domestic prices.

However, some signs of increasing pressures emerged yesterday with a report from the federal statistics office that wholesale prices rose by an unexpectedly high 0.6 per cent in March.

This brought the year-on-year rate of increase to 3.9 per cent compared with 3.2 per cent in February.

Products showing the sharpest rises included imported fruit – up 32 per cent – and temperate foodstuffs, although paper, rolled steel and chemical products were also dearer.

Lille appeal lures French presidential rivals

The northern industrial city has its problems, writes **Andrew Jack**, but still remains a powerful symbol of the values of the Republic

FRENCH ELECTIONS
April 23/May 7

For all French politicians seeking to wrap themselves in the values of the Republic for electoral advantage – let alone someone seeking to become president of the country – a visit to Lille is essential.

Late last year Mr Jacques Chirac, the front-runner in the polls and then head of the Gaullist RPR party, took the initiative. He chose it as the location to announce his candidature for the Elysée Palace in the Voix du Nord newspaper, even spurning Paris, the capital where so much power is centralised and where he himself is mayor.

On Thursday, Mr Lionel Jospin, the Socialist candidate, will be there in his last large rally before the first round of voting next Sunday. He will be backed by Mr Jacques Delors, the former head of the European Commission, who declined to run despite his high rating in the polls.

At the end of last week it was the turn of Mr Edouard Balladur, the prime minister and currently third placed in the polls, who chose the city for one of his most charismatic gatherings to date – one that had the atmosphere almost of a dangerously premature victory rally.

Mr Balladur mentioned "France" or "the French" no less than 50 times in a 45-minute speech frequently interrupted by cheers and horns and concluded by triumphal music and cascades of red, white and blue confetti.

The reason for Lille's importance lies not least in its symbolic role as the centre of Free France during the second world war. The birthplace of General Charles de Gaulle, that most sacred of the country's recent historical figures, it became one of the most significant bases for the Resistance.

The region's longer-standing legacy looks distinctly less easy for the candidates to handle. Its traditional prosperity, built on the back of nineteenth century industrial strength in mining and textiles, remains evident today only in the form of some impressive city centre buildings now being restored.

"We are in a third economic crisis," says Mr Daniel Crozat, head of research at the regional family assistance centre, which covers the two northern-most French départements of Nord and Pas de Calais, including Lille, Valenciennes, Calais and Dunkirk.

Unemployment is well above the national average, and in some centres such as Roubaix, just to the north of Lille, it stands at some 25 per cent or twice the national level. The proportion of families receiving state assistance is among the highest in the country. "This is one of the areas most affected by poverty in France," says Mr Crozat.

He fears an "explosive situation" over the next decade, as retired miners – who have benefited from free accommodation and pensions – die, leaving their unemployed children in a even more precarious financial position.

The region is also densely populated with a complex mixture of immigrant groups, a factor illustrated by the violence late last year in Amiens involving Harkis, the Algerians who chose to support France during the war of independence.

The tensions between races in areas of high unemployment have helped boost support for the extreme right-wing National Front, and may have encouraged a gradual rightward shift in political support across the region. It is only the centre-right's refusal to form a coalition with the National Front that now keeps the left in power on the regional council in alliance with the ecologists.

While the region voted for President François Mitterrand in 1988, one Lille professor of politics believes it is likely to shift to Mr Chirac in the current presidential race. He argues that this partly reflects the long-standing and traditionally conservative Catholic influence, coupled with recent corruption scandals affecting the left in Pas de Calais.

Nevertheless, Lille has remained for 20 years under the control of Mr Pierre Mauroy, the former prime minister and head of Socialist International. Ms Martine Aubry, daughter of Mr Delors, is planning to run as his deputy in the municipal elections in June.

Ironically Mr Alex Türk, a centre-right politician who competed against Mr Mauroy in 1989 and is set to try again this year, has championed the more impoverished regions of the city, arguing that the mayor has been too focused on prestige projects.

Certainly he used his influence to ensure that the high-speed train link to the Channel Tunnel came via Lille rather than the more logical connection via Amiens. The result has been to more than halve the journey time to Paris to one hour. He has also substantially increased the city's debt, partly as a result of the mammoth Euralille commercial centre opened last year at a time when the property market remains extremely depressed.

"Lille has changed in the past five or six years to become a contender as a European business centre," says Mr Philip Ulyett, head of the British Chamber of Commerce. "We won't be able to judge its success for 10 years."

Several hundred Paris staff of the national ANPE unemployment service plan to continue today their strike launched yesterday in protest at being made to work longer hours to help reduce the country's 12.3 per cent unemployment rate, David Buchan reports from Paris.

The strikers are protesting that the ANPE, taken over a couple of years ago by Mr Michel Bon, a former head of the Carrefour supermarket chain, is loading more work on them. In particular, the unions complained yesterday that their members are being asked to extend their working hours from 37.5 hours a week to 39 hours, the national norm, "when this extension does not correspond to any demand by job-seekers", and at the same time to reduce the amount of time devoted to each individual job-seeker from six minutes to two.

Austrian coalition party picks new chief

By Eric Frey in Vienna

The conservative Austrian People's party (OeVP) has selected Mr Wolfgang Schuessel, economics minister, as its new party chairman and vice chancellor in the government, replacing Mr Erhard Busek, in a move likely to stabilise the coalition.

Mr Schuessel, 49, was nominated by the party's 15-member electoral committee late on Monday. He still needs to be confirmed by the party conference next weekend, but his victory is all but assured.

Mr Busek announced he would not stand again for the chairmanship after criticism from party leaders and poor opinion poll ratings. Mr Schuessel is a long-time friend and ally of Mr Busek, and, like him, comes from the party's liberal wing. He is determined to continue the coalition with Chancellor Franz Vranitzky's Social Democratic party. He has repeatedly ruled out a switch to the right-wing Freedom party and its charismatic leader, Mr Jörg Haider.

As economics minister, Mr Schuessel has been the strongest advocate of free enterprise and deregulation in the cabinet. But some of his privatisation efforts ran into trouble and he was criticised for giving favours to political friends.

When the going was good: a triumphant Mr Busek last June celebrating Austria's vote to join the EU AP

He comes across well on television, but is not seen as a strong leader. In order to make his mark, Mr Schuessel is expected to replace several cabinet members, including Mr Alois Mock, the veteran foreign minister.

The nomination is seen as a compromise between the conservative forces opposed to Mr Busek, and the liberal wing seeking to prevent a shift to the right.

Mr Busek is widely admired for his sharp intellect, but is burdened by lack of popular appeal and a divisive leadership style. Heavy losses in October's parliamentary election further weakened him. Latest opinion surveys give him only 5 per cent of voter preferences. The OeVP has also fallen from second to third place, behind the Social Democrats and the Freedom party.

Leaders of the regional party organisations decided last month to topple Mr Busek, but for weeks could not settle on an alternative candidate. Other party leaders such as Mr Andreas Khol, the parliamentary faction leader, said they would not run against Mr Busek. As a result, Mr Busek hung on and only offered to step down when the party agreed on Mr Schuessel.

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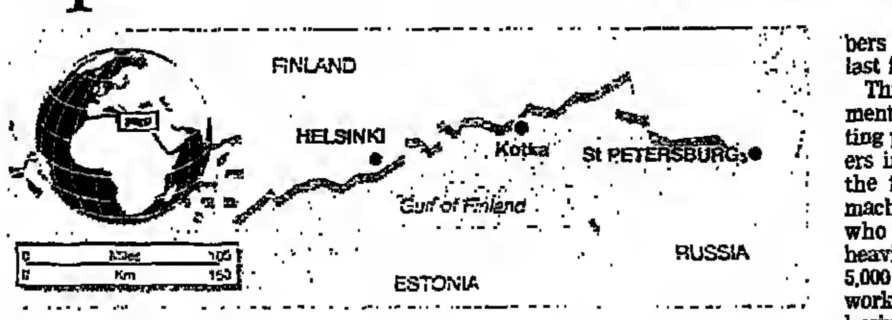
Russian consumers help a port to prosper, writes **Christopher Brown-Humes**

East fulfils promise for Finnish traders

Europe's changing cities



As you cross the bridge into the Finnish island city of Kotka, you are greeted by a large sign: "Welcome to Kotka. The town's services are at your disposal." It is written in Russian, not Finnish. Farther on trucks stream out of the port heading for Russia with their cargoes of electronic equipment, clothes, furniture and food. And in a shop in the main market square, Ms Anja Liukkonen pores over her latest commission: a lavish set of Czarist-style velvet and silk curtains for a customer in St Petersburg.

These are clear signs that Kotka, a city of 60,000 people, is not just doing its utmost to encourage trade with its eastern neighbour – it is also profiting from opportunities which have opened up since the collapse of communism four years ago. The town is just 60km from the Russian border and only a short distance from the main Helsinki-St Petersburg highway, which bristles with the BMWs and Mercedes of Russia's new super-rich.

Kotka's efforts to develop Russian business mirror the broader drive by Finland to rebuild commercial ties with its neighbour after the abrupt end to the privileged trade of Soviet times. Both city and country have pressing reasons for their interest, with Finnish unemployment running at 18 per cent after the 1991-1993 recession.

Mr Matti Tuutti, managing director of Kotka Shipyard, says: "There are 8m people in the St Petersburg area, compared with just 5m in the whole of Finland. That's a huge market right on our doorstep."

Much has changed in the last two years. The first Russians in Kotka were viewed with suspicion; the only Russian language they could find was in shop windows, limiting entry to one person at a time. These days the visitors are wealthier and their buying habits can mean the difference between profit and loss for a small Finnish business.

Russian customers are providing plenty of servicing and repair work – even if that means restoring a bullet-riddled BMW

Mr Pekka Halme, manager of the Cityrauta general trading store, says Russian business brings in FM1m ($234,000) in annual profit. He sells everything from windows, paints and tools to microwaves and coffee-makers to Russians arriving daily by bus, car and truck.

The main reason for this buoyant trade is Russian tax rules, which allow nationals to bring up to $2,000 worth of personal belongings into the country, tax-free, with every trip. This makes it cheaper for Russians to shop in Finland than at home and explains why shops in Kotka are benefiting.

Mr Pekka Ahonen, chairman of the Kotka-St Petersburg club, calculates that Russian business is now worth about FM50m a year to Kotka's small businesses. Mr Ahonen runs a lighting shop in central Kotka but spends much of his day fielding phone calls from people wanting to learn more about conducting business in Russia.

One caller asks, rather improbably, about the feasibility of a private railway line to import Russian petrol.

The single biggest beneficiary of the Russian effect is Kotka port because of growing transshipment trade. The port's importance has been enhanced by congestion and poor infrastructure at St Petersburg, which is only 300km away. But it has also profited from a quirk of history: as Finland was part of Russia for much of the 19th century, the two countries share a common rail gauge.

Mr Martin Elo, products manager at Steveco, the port stevedoring company, says 1994's transit traffic of 2.5m tonnes is projected to double in the next few years, while the port's total annual throughput of 8m tonnes now equals that of the larger St Petersburg. Project cargoes and consumer goods – some with their final destination as far away as Uzbekistan – head for Russia through the port, while Russian fertilisers, ferro-alloys and steel are exported from it.

The port is looking to expand its facilities, particularly in the refrigerated cargo sector. And Steveco has had to expand its workforce, with staff numbers growing by 500 to 1,900 over the last four years.

This is a welcome boost to employment in a town hard hit by the cost-cutting programmes of many large employers in the last few years. Enso-Gutzeit, the forestry group, and Ahlström, a machinery company, are among those who have pruned their workforces heavily during the recession, leaving 5,000 of the city's inhabitants out of work. One estimate suggests Russian business has created, or preserved, at least 1,000 jobs in Kotka.

Not surprisingly, local schools and evening classes are now packed with people studying Russian. "If you can speak and write Russian, you can get a job immediately," says Mr Antero Sala, marketing director for the Kotka region. He is trying to tempt big international companies to set up in the area, with limited success so far.

But there are some cautionary tales. Two years ago the main trade was in new and second-hand cars. But when Russian car import taxes were raised dramatically early last year the trade was virtually wiped out overnight.

"This shows you cannot rely on Russian business," says Mr Mikko Eskola, the Kotka region manager for Veho, Finland's biggest car retailer. But he notes Russian customers are still providing his company with plenty of servicing and repair work – even if that means restoring a bullet-riddled BMW, as it did recently.

Mr Tuutti, at the Kotka Shipyard, a specialist in ship repairs, has also had his problems. St Petersburg-based Baltic Shipping has a 30 per cent stake in the company but it has also been an extremely slow payer of its ship repair bills.

The problems are being resolved, Mr Tuutti stresses, but the difficulty helps to explain why he, along with most Finnish businessmen, try to insist on cash in advance for most of their Russian transactions.

Turkish plan for troop pullout sends timely signal to US

By John Barham in Ankara

A decision by Mrs Tansu Çiller, Turkey's prime minister, to begin withdrawing troops sent into northern Iraq more than a month ago to destroy bases of the Kurdistan Workers' party (PKK) will help her at a scheduled meeting today with President Bill Clinton.

In a speech in the US on Monday she said: "Now that we have achieved our primary objectives, we have begun to bring our troops home. We will continue this carefully staged withdrawal in the coming weeks." Turkish commanders said the operation could be terminated by mid-May.

This is just the commitment US and European officials had been pressing for since Turkish troops entered Iraq on March 20.

Mrs Çiller is in the US for a series of private meetings, although the main aim of her visit is to see Mr Clinton. The US has emerged as her strongest supporter in an increasingly hostile international community.

Mr Richard Holbrooke, assistant secretary of state, said last month: "Turkey has increasingly become the centrepiece for American strategic interests in a very dangerous neighbourhood. Turkey is critical to the security and stability of Europe."

These are comforting words for a government facing rising domestic discontent, deepening economic problems, a growing Islamic fundamentalist movement and troubled relations with western Europe. Although the European Union signed a landmark customs union agreement with Turkey in March, the European parliament has indicated that it may reject the treaty in protest at Turkey's human rights record and its incursion into Iraq.

The US is the only Turkish ally to state unequivocally that the north Iraq operation was "legitimate". A Turkish foreign ministry official said: "In many ways our relations with Washington are better than with our close neighbours in Europe."

Mr Clinton will ask Mrs Çiller to extend the life of the US-backed Operation Provide Comfort for northern Iraq's Kurds. The operation maintains a no-fly zone from an air-base in Turkey. However, its mandate must be renewed every six months by the Turkish parliament, where many deputies oppose it for protecting what they see as a nascent Kurdish state.

As well as northern Iraq, issues such as Cyprus, the Caucasus and central Asia, the Middle East peace process, relations with Europe, and bilateral trade will head the Turkish-US agenda.

The Cyprus issue has grown in importance following the EU's decision in March to link approval of a customs union with Turkey to the opening of EU membership talks with Cyprus. European diplomats hope the US can convince Turkey to press Turkish Cypriots to accept a compromise package leading to the island's reunification.

The US does have considerable misgivings over the army's war against Kurdish separatists in the south-east, widespread human rights violations and insufficient democratic safeguards. Mr Strobe Talbott, deputy secretary of state, said during a visit to Ankara last week that "force alone [against the PKK] is not the answer. The way to defeat outlaw groups is to deprive them of popular support by addressing legitimate needs and grievances."

Mr Clinton will press Mrs Çiller to make good on her promises to introduce democratic reforms. Despite repeated assurances, political change has made little progress.

● Turkey's budget deficit rose by 5 per cent to $1.3bn in the first quarter, a better figure than it had promised the International Monetary Fund. Ankara has an agreement with the IMF to lower its deficit to $4.8bn by the end of the year. Revenues in the first quarter were $6bn against spending of $7.3bn.

The deficit is caused by loss-making state companies, a deficit-ridden social security system and the cost of the army's 11-year campaign against the PKK. Economists had feared that the incursion into Iraq would widen the deficit and worsen inflation.

Despite the improved budget figures, the trade balance deteriorated sharply in February. According to data released yesterday, the deficit widened by 32 per cent to $734.3m, as exports rose by a third to $1.55bn and imports climbed by a similar margin to $2.29bn.

Turkey's next republic, Page 12

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EUROPEAN NEWS DIGEST

Iceland set for new coalition

Iceland's ruling coalition between the conservative Independence party and the Social Democrats resigned yesterday, paving the way for a new centre-right partnership following elections 10 days ago. Prime Minister David Oddsson's Independence party has effectively dumped the Social Democrats, the big losers in the election, to try to huild an alliance with the centrist Progressive party, which made significant gains.

Although the Independence party and Social Democrats mustered 32 seats, giving them a slender one-seat majority in the 63-seat Althing, or parliament, their position was weaker than in 1991, when they won 36 seats. The Independence and Progressive parties will together have 40 seats. There had also been policy differences within the coalition; the Social Democrats favour EU membership, while both the Independence and Progressive parties oppose it. *Christopher Brown-Humes, Stockholm*

Car sale curbs condemned

Consumer groups, MEPs and independent car traders yesterday joined forces to condemn restrictions on how cars can be sold in the European Union, arguing that manufacturers' "exclusive distribution networks" result in higher prices and less choice for consumers. Under an EU law due to expire in June, car manufacturers are allowed to restrict sales of their hrand to selected dealers, a system which critics say keeps prices high and hinders independent retailers. The Commission is preparing to adopt a draft regulation to replace the existing arrangement and is expected to discuss the matter next week.

Mr Roeland van de Ven, chairman of the Committee of European Car Dealers and Retailers for Market Liberalisation, said the current system was "medieval" as it allowed manufacturers to insist to retailers that they only sell one brand of car, "illogically putting the interests of car manufacturers above those of consumers and dealers".

Last year the Commission proposed that the so-called "block exemption" be renewed with some alterations. The main changes included allowing dealers to distrihnte and sell more than one make of vehicle hut only on separate premises, and with separate management. The proposed rules will last another 10 years and also impose on manufacturers the obligation to share technical information with independent service garages. *Emma Tucker, Brussels*

Protection for ethnic Russians

In another sign of the hardening of Russia's foreign policy, Mr Andrei Kozyrev (left), the Russian foreign minister once known for his outspoken liberalism, yesterday warned that Moscow might use military force to protect ethnic Russians living in other former Soviet republics. "There may be cases when the use of direct military force will be needed to defend our compatriots abroad," he told the Russian news agency Interfax. Mr Kozyrev singled out the Baltic repuhlics of Estonia and Latvia as the only countries which had used legislation to allegedly force out ethnic Russians, but he said that living conditions for ethnic Russians were also unsatisfactory in a number of central Asian states. But Mr Kozyrev played down a conflict between Russia and Ukraine. Although Kiev's actions in limiting the autonomy of the Crimean peninsula, a region dominated by ethnic Russians, have enraged Russian nationalist politicians, the official Russian reaction has been muted because of the embarrassing parallels between Ukraine's claim on Crimea and the Russian government's hloody effort to subdue separatists in the breakaway Chechen republic. *Chrystia Freeland, Moscow*

Spain indicts 14 over 'dirty war'

Spain's "dirty war" affair over covert activities against suspected Basque terrorists in the 1980s returned to the political arena yesterday with the issuing of formal charges against 14 people, including former top interior ministry officials. The most senior of those indicted was Mr Rafael Vera, former second in command at the ministry, who was charged with misuse of pnblic funds and other offences. He has been detained since February after failing in an attempt to disqualify the examining magistrate, Judge Baltasar Garzón, from handling the case.

Four of the men charged hy Judge Garzón were accused of involvement in organising the Anti-Terrorist Liberation Groups (Gal), held responsibla for 26 murders between 1983 and 1987. They include Mr Julián Sancristóbal, ex-head of state security, and Mr Ricardo García Damborenea, a former local Socialist party leader, along with two former senior police officers. No date was set for a trial. *David White, Madrid*

Brussels calls for insurers' help

The European Commission is asking insurance companies to report practices by member states which are hindering cross-border trade, following the introduction of directives opening up the life and general insurance markets. Commission officials are worried some states may try to exploit a loophole which allows them to claim that special national restrictions are for the "general good". A clash is looming between the Commission and some EU members over "no claims discounts" on motor insurance policies. Officials fear Belgium and France may attempt to claim such uniform bonus systems, set as part of rules governing compulsory motor insurance, are for the "general good". In other countries, discount schemes are left to insurers' discretion.

The Commission believes it would have a strong case in European law against mandatory no-claim discount schemes but that invoking legal proceedings would be time consuming. Instead, officials believe that puhlicity provoked by foreign insurers complaining about having to comply with a uniform no-claim discount system would be more effective.

Separately, the Commission is hoping this summer to outline proposals for a directive on tighter solvency requirements for subsidiaries of large insurance groups. The aim is to prevent "double gearing", where the same capital is used twice to support insurance underwriting in two different parts of a group. The directive would also increase controls over inter-group transactions which can affect a subsidiary's solvency. *Ralph Atkins, London*

Rich debate rages over Russian poverty

John Thornhill on the unreliable picture painted by statistics

The Party of Russia's Poor, the latest of myriad political groups to have evolved from the post-Soviet political soup, recently held a protest meeting outside the gates of Moscow's Gorky Park to highlight the plight of the underprivileged.

But the organisers were soon forced to abandon the meeting as every speech was drowned out by the park's loudspeaker system relaying advertisements for Mercedes-Benz cars and other luxury items.

The scene neatly encapsulated the seeming powerlessness of Russia's poor as the divisions in Russian society grow wider. For most of the Soviet Union's 70-year history, a policy of egalitarianism was preached – if not strictly practised. But in the traumatic economic transition now under way in Russia, the rich are conspicuously growing richer while the poor are – for the most part – invisibly growing poorer.

According to economics ministry statistics, the richest top 10 per cent of the population last year earned 14 times the income of the poorest 10 per cent.

The ratio was 5.4 times three years ago.

Other government statistics show that nominal prices in Russia have risen 279,942 times since December 1990 while the real income of the population has fallen 39 per cent over the same period.

Mr Vyacheslav Bobkov, director of the All Russian Centre for Living Standards, a research unit attached to the labour ministry, claimed this week that many Russians were growing worse off in absolute as well as relative terms. According to the centre's statistics, 30-40 per cent of Russians have now slipped below the poverty line, receiving a monthly income of less than Rbs248,000 (£30).

The older generation has fared particularly badly. Pensioners' incomes have not risen in line with inflation, which has simultaneously destroyed whatever savings they might have tucked away.

A widening income differential was perhaps to be expected as a market economy took root in Russia, although the divisions are still not that pronounced by the standards of other emerging markets. But there is debete about whether the average Russian is better or worse off than before.

At first glance the answer seems perfectly clear. According to the official figures, Russia's economy has halved in the past five years, an economic contraction far worse than that which struck the US in the Great Depression of 1929-33. How could the Russian people be anything other than poorer than before?

Street life: economic transition has left many worse off *Reuter*

Yet the statistics reveal a curiously incomplete picture and one that is at odds with anecdotal evidence.

Official unemployment statistics – although prohahly understated – show there are only 2m unemployed out of a working population of 70m. Even striking coal miners say their incomes are adequate, when they receive them.

The notoriously unreliable statistics present the biggest problem in trying to assess overall standards of living. As two western economists have pointed out in a paper for the Royal Institute of International Affairs, official statistics contain some surprising discrepancies. According to the official statistics journal, for example, nobody died in Russia in February 1993.

The industrial output statistics, which were produced for the use of central planners, are especially suspect. In Soviet times, most industrial managers tended to over-report their production figures.

Now, the tendency is to understate them in order to plead for more credits from the government.

Private businesses are also reluctant to declare their income to avoid paying taxes – or receiving a visit from the neighbourhood mafia. Yet some estimates suggest the value of US dollar notes circulating in the Russian economy is now as great as the rouhles in circulation, reflecting the strength of the grey economy. Almost all this "dollar economy" goes unreported and untaxed hut provides a healthy living for millions of Russians.

Even official government statistics suggest that 8m Russians have second jobs, be they in taxi services, handicrafts manufacturing, car maintenance or huilding. About 3.5m are involved in "middlemen trading activities".

But while many economists suspect the average person is growing hetter off, rare is the Russian who will concede this. Just as important as the absolute level of income are perceptions about the quality of life. The shop queues may have disappeared and street kiosks selling a wide range of goods have opened on many street corners.

But much of the healthcare system has collapsed. Mortality rates have risen alarmingly. Crime has soared. The certainties of the Soviet era have disappeared and people feel anxious about the future.

"For me life was hetter five years ago," says Tatyana, a secretary in a shipping company in Vladivostok. "Even though I was a student and received a stipend of only Rbs50 that was enough for me to live ou.

"My family could buy food and travel and life was no problem. Now Rbs1m a month is little money and everything is a lot more complex."

NEWS: ASIA-PACIFIC

Japanese financial chief is forced out

By Michiyo Nakamoto in Tokyo

Japanese politicians yesterday claimed the scalp of one of the country's most powerful officials in a concerted campaign to blame the bureaucracy for the apparently bungled bail-out of two failed credit unions.

The latest victim of the political finger-pointing is Mr Jiro Saito, administrative vice-minister of finance. He is now expected to step down before his term ends this summer, possibly as early as next month.

Mr Masayosbl Takemura, minister of finance, indicated yesterday that Mr Saito, the top official in the finance ministry, would step down early.

The move to hasten Mr Saito's departure comes after Liberal Democratic party members, part of the ruling coalition, demanded his resignation to take responsibility for "generally inappropriate actions" by ministry officials and a widely criticised decision to bail out two failed credit unions.

Mr Saito's departure would be largely symbolic, given that he is scheduled to leave in June. But it *is* highly unusual for Japanese politicians to meddle in personnel affairs involving the country's powerful bureaucrats and as such, represents a significant move by politicians to reassert their authority.

Pressure on Mr Saito to resign has been building after disclosures that finance ministry officials were extravagantly entertained by the former head of a failed credit union, which the ministry had planned to rescue with support from the Bank of Japan and the Tokyo government.

Mr Saito is also being held responsible for the hugely unpopular rescue plan, which could be dropped because of public criticism.

At the same time, some LDP politicians have been keen to see Mr Saito go, because of his close relations with Mr Ichiro Ozawa, the influential back-room strategist and former LDP member.

Penang threat to Mahathir's firm grip

Kieran Cooke on signs of change in Malaysia's race-based politics

The division of Malaysian politics along racial lines has guaranteed political power to the country's Malay Moslem majority since the country's independence from Britain in 1957, but the first whiff of change can be detected in the air of the country's most economically dynamic state of Penang.

When Malaysia's general election is held on Monday and Tuesday next week, the 14-party national front coalition headed by Dr Mahathir Mohamad, the prime minister for the last 14 years, seems certain to retain its firm grip on power.

However, if the coalition does not win the concurrent state assembly election in Penang, which is in the vanguard of the prime minister's ambitious plan to turn Malaysia into a fully developed, industrialised nation by 2020, it would be a severe blow to Dr Mahathir.

Were thet to happen it would be more than a little thanks to Mr Ahmad Noor.

A Penang MP, Mr Ahmad is a Malay. Traditionally all Malays have supported the United Malays National Organisation (UMNO), the dominant party in the national front. But Mr Ahmad is a member of the Chinese based opposition Democratic Action Party – the group's only Malay MP.

"People used to call me a traitor for being a DAP member," says Mr Ahmad. "But attitudes are changing. The local Malays are switching loyalties. That is worrying for UMNO. Malays here used to be shy about giving support to the DAP. Now it's very different."

The Malays make up about 55 per cent of the country's 20m people. Chinese are about 35 per cent while Indians and those of mixed race make up the rest. But in Penang the figures are reversed. In the last polls in 1990 the DAP narrowly missed gaining control of the state.

The DAP, led by political veteran Mr Lim Kit Siang, has only 20 seats in Malaysia's recently enlarged 192 seat parliament compared with 141 held by the national front. With the exception of the strongly Moslem northern peninsular state of Kelantan, Dr Mahathir's coalition now controls all the state assemblies.

"Someone has to tell people what is really going on in this country," says Mr Ahmad. "We know that the national front will win at a federal level. We are concentrating our firepower on winning control of the state assembly in Penang."

Penang is Malaysia's Silicon Valley, the base in Asia for many of the world's leading electronics companies. According to the local authorities the state's gross domestic product has been growing at an annual average of 12.4 per cent since 1990.

Winning votes emong Penang's 36 per cent Malay community is vital for the DAP. The party's campaign is focusing on what it sees as the increasing divide between rich and poor among the Malays.

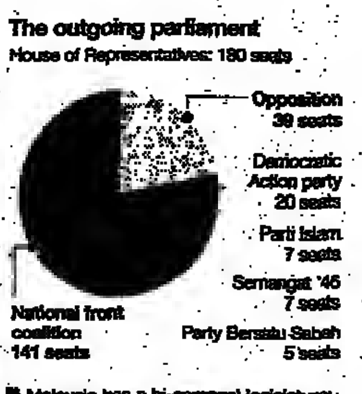
In the early 1970s the government introduced its new economic policy (NEP) designed to eradicate poverty and give the majority Malays a greater role in the economy – traditionally controlled by the Chinese.

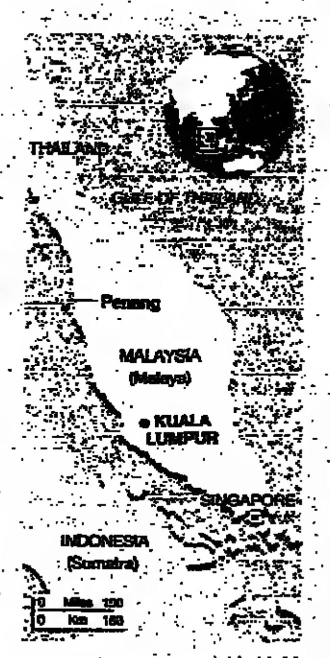
The NEP gave Malays greater access to educational establishments and preferential share allocations to increase the group's share of corporate wealth.

The DAP claims the system has been widely abused. "Now the *towkays* (a Chinese word meaning bossmen) are not Chinese. They are the well connected rich Malays who turn their backs on their own community," says Mr Ahmad. The DAP is highlighting revelations about a number of questionable share allocations involving members of Dr Mahathir's cabinet.

Prime Minister, Mahathir Mohamad: his 14-party nation al front coalition seems certain to retain a two-thirds majority

The outgoing parliament
House of Representatives: 180 seats





- Malaysia has a bi-cameral legislature: an elected House of Representatives and an appointed Senate, which acts primarily as a reviewing body
- The coming elections – on April 24 and 25 – will fill 192 seats in a House of Representatives recently enlarged from 180 seats
- In the 1990 elections, the national front coalition, led by Dr Mahathir, won 52 per cent of the vote, capturing 141 of the 180 seats

Under questioning in parliament Mrs Rafidah Aziz, the minister of trade and industry, recently admitted she chaired a share allocation meeting at which a total of 5.7m shares were granted to her son-in-law at a big discount. Mrs Rafidah also disclosed that among the other recipients of blocks of shares distributed by her ministry were a son of Dr Mahathir and a brother of Mr Anwar Ibrahim, the deputy prime minister and finance minister.

The allocations would, on paper, have turned their recipients into instant millionaires. Mrs Rafidah is being investigated by the country's anti-corruption commission. Mr Samy Vellu, another cabinet minister, is also under investigation for share dealings.

The government accuses the DAP of spreading malicious rumours and stirring racial tensions.

Another issue being highlighted by the DAP in Penang is land acquisition by the government. In 1991 parliament passed a controversial land act which gave the state power to acquire private property it deemed beneficial to the country's development. The opposition says that in many cases the government has sold on land it has acquired to politically well connected private developers who build golf courses or shopping complexes.

The DAP says that Penang does not need these things: what it wants is housing for people of low incomes – mainly Malays.

"The poor Malays are missing out on this economic boom," says Mr Ahmad. "Development for them is meaningless. It only means higher housing and food costs."

The DAP is putting up a record nine Malay candidates for the state assembly in Penang and two Malay parliamentary candidates – one of whom will challenge deputy prime minister Mr Anwar in what is his home state. The national front saya it has nothing to fear from the DAP.

The opposition admits that it has a tongh battle on its hands. Dr Mahathir has almost total control over the media. The national front is riding the crest of an economic wave: Malaysia's economy has grown by more than 8 per cent in each of the last seven years. There is full employment. An increasingly affluent middle class is leading a surge in consumer spending. Last year alone the sale of cars went up by 25 per cent.

Election boundaries favour the national front. The DAP says Dr Mahathir's government is trying to intimidate people by saying that if the opposition wins investors will turn their becks on Penang and jobs will be lost.

ISLAND FINANCE CENTRE PROMISED

Malaysia's Prime Minister Mahathir Mohamad promised yesterday to make eastern Labnan island the biggest international offshore financial centre (IOFC) in the world, AFP reports from Kuala Lumpur.

The announcement came as Dr Mahathir was campaigning for a big majority in elections scheduled for April 24 and 25.

Labuan would achieve top status on the back of political and economic uncertainty in Hong Kong accompanying its 1997 takeover by China, the Malaysian prime minister declared.

"We hope at least they will set np branches, if not centres, to handle their business here," Bernama news agency reported him as saying in Labuan.

Labuan, off Malaysia's eastern Sabah state, was made a federal territory in 1984 and until four years ago was a sleepy backwater.

A government allocation of Ringgit 400m ($160m) under the country's five-year development plan ending this year has gone towards upgrading the island's airport, telecommunications, health care, roads and housing.

Dr Mahathir said more than 20 international banks had already set up units in Labuan ahead of the completion of a Ringgit 380m financial park due in October.

Malaysia's Finance Ministry said last month it was studying a proposal to set np an international stock exchange and monetary exchange on the island.

ASIA-PACIFIC NEWS DIGEST

Rising yen blow for Chinese debt

China yesterday stepped up pressure for relief on its yen-denominated loans, warning that the "steady appreciation" of the Japanese currency was worsening its foreign debt burden. A senior Chinese official also called for a ban on provincial governments and state-owned enterprises issuing bonds in the Japanese market. Mr Zhou Shijian, an official of the ministry of foreign trade and economic co-operation, said the soaring yen undermined Japan's original intention of providing yen-denominated development assistance to China.

Japan has provided the equivalent of about $10bn in development assistance loans to China since the early 1980s. China's yen-denominated debt stands at about $17bn, or 20 per cent of its total foreign debt. Mr Liu Shan, a vice minister of trade, said recently China would negotiate with Japan over the issue.

China's complaints about its heavy yen burden come just two weeks before Mr Tomiichi Murayama, Japan's prime minister, is due in Beijing. The debt question is certain to be high on the agenda. Newspapers yesterday highlighted the case of a Chinese oilfield which had imported Japanese technology in the 1980s at a cost of Yn5bn ($610m), but because of the strong yen and a depreciation of the yuan the oilfield had paid Yn6bn in interest and yet still owed Yn10bn. *Tony Walker, Beijing*

Japanese money grows 3.6%

Japan's money supply grew 3.6 per cent in March compared with the same month a year earlier, the Bank of Japan said yesterday. Growth in M2 (cash in circulation, time and demand deposits) plus certificates of deposit were slightly slower than February's rise of 3.7 per cent, itself revised up from a preliminary 3.6 per cent. But the March figure suggests the trend pace of monetary expansion is continuing to increase. Money growth hit a low point of -0.4 per cent in March 1993, but since then has been accelerating gently. The February figure was the fastest rate recorded since June 1991, and the third consecutive monthly figure of over 3 per cent. The bank attributed the quickening growth in the first few months of the year to the effects of income tax cuts and the extra liquidity it injected for the restoration of the earthquake-hit Kobe area. *Gerard Baker, Tokyo*

Nuclear cargo nears destination

The Japanese government announced yesterday that a vessel carrying nuclear waste from France will arrive in Japan next Tuesday. The British-registered Pacific Pintail, carrying 14 tonnes of waste, started its controversial journey on February 23 from Cherbourg in France, where Cogema, the state-owned nuclear company, reprocessed spent fuel from Japanese nuclear power stations. The Japanese government had not disclosed the arrival date due to security concerns. The ship will arrive at the port of Mutsu Ogawara, in northern Japan. From there, the nuclear waste, encased in glass, will be transported to a nuclear complex in the village of Rokkasho. While the waste will be kept at Rokkasho for 50 years, the government has yet to find the final place of disposal, as various proposals have been rejected by local governments. *Emiko Terazono, Tokyo*

■ India's general index of industrial production was up 9.5 per cent in December 1994, from the same month a year before, the government said yesterday. Average growth for April-December stood at 8.3 per cent, up from 4.8 per cent in the same period of 1993, it added. *AP, New Delhi*

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NEWS: THE AMERICAS

IMF calls on US to raise interest rates

By George Graham in Washington

The International Monetary Fund yesterday called on the US to raise interest rates to help strengthen the dollar and contain domestic inflationary pressures.

Mr Michel Camdessus, the IMF's managing director, said the Fund was "very concerned by the decline of the dollar, and particularly by the acceleration of the decline which has taken place since the end of February."

He said it was important for the US, as issuer of the leading global reserve currency, to help to stabilise the currency markets, but said an increase in interest rates was also the right decision for domestic reasons.

"I wouldn't have said that in February, when the dollar was still more or less in an acceptable range, but at this level there is the potential for an inflationary impact in the US," Mr Camdessus said.

He said that if the Federal Reserve did not raise rates now, it might have to make a sharper and more dangerous move later in the year once inflation had built up momentum.

Mr Camdessus originally issued his warning on Friday in the wake of the Japanese central bank's decision to cut its discount rate. With many markets closed over the Easter weekend the statement was widely ignored, and the IMF managing director repeated his recommendation yesterday.

The warning is widely expected to fall once again on deaf ears. Private sector economists had seen a possibility of a rate increase at the Fed's last policy meeting in March. Some thought the Fed might take the opportunity to mova when the German Bundesbank lowered its rates at the end of last month. But mounting signals of an economic slowdown are now thought to have precluded any likelihood of tighter US monetary policy.

Although the Clinton administration has repeatedly stated its desire to see a strong dollar, and has intervened several times in the foreign exchange markets to defend the US currency, few economists in the US believe that the dollar's weakness has reached the point at which it might cause serious alarm at the Fed or the Treasury.

Mr Camdessus said the dollar had declined by 11 per cent against the yen and by 6 per cent against the D-Mark in the last six weeks.

While acknowledging that the US dollar's decline has been less precipitate if measured against a trade-weighted index, he said that he would "not take comfort at all from the fact that the dollar has appreciated against the Mexican peso" and the Canadian dollar.

Clinton faces welfare struggle

By George Graham

Fresb from filing the first papers to prepare for a re-election campaign next year, President Bill Clinton is bracing for a fight with the Republican majority in congress over welfare reform.

He planned to discuss welfare reform, which he described in his weekly radio address on Saturday as his highest priority, at the opening of a rare evening press conference last night.

His re-election preparations are still at an early stage, but unlike his numerous Republican rivals, he faces little opposition in primary balloting for his party's nomination.

The only semi-serious Democrat contemplating a challenge to the sitting president, former Pennsylvania Governor Robert Casey said yesterday that he had abandoned his plans.

Mr Casey, who underwent a heart and liver transplant in 1993, said be was no longer sure that he could "sustain the extraordinary energy level reqnired by a national campaign."

Congressional Democrats fonnd welfare a favourable battleground last month when the House of Representatives debated a radical reform hill whicb would transfer to the states mnch of the responsibility for providing a safety net to the poor, bnt would also curb payments to teenage and unmarried mothers.

Democrats' complaints that the Republicans were taking school lnnches away from starving children struck a chord with popular opinion.

But Mr Clinton has focused his attack on the House Repnblicans' bill more on the weakness of its measures to encourage welfare recipients to move off the dole and into the workforce.

Welfare reform was a central theme in Mr Clinton's election campaign in 1992, hut his own plan died in the last Congress, even though his Democratic party still controlled both bouses.

Moonscape: part of the Amazon cleared by fire in the late 1980s marked the nadir of Brazil's environmental reputation

Brazil seeks a 'sustainable' Amazon

Angus Foster assesses an ambitious policy document

The pot-holed road to Serra Pelada, a wildcat gold mine in the heart of the Brazilian Amazon, used to be lined by tall trees. Today, hundreds of square kilometres of rain forest have been cut down on either side of the track to make way for cattle farmers. Many goldminers remain, even though the mine has flooded and the easy gold finished. Mining and water damage have turned the area into moonscape.

Some 300km north west, big timber companies are continuing to cut paths into primary forest and Indian reserves to take out valuable trees. Once a path is laid, developers, farmers and speculators quickly follow and are forcing tribes such as the Arara into smaller and smaller pockets of their territory.

After several years of policy drift, Brazil has started to try to address these and other problems nearly a century old and to decide how best to tie the huge Amazon region economically into the rest of the country.

A new policy was spelled out this month in a 39-page "basic document" and is to be discussed with state governors. It pleased many observers in that its authors recognised the failure of previous policies such as relying on huge infrastructure projects to stir development.

According to the "basic document", the Amazon must now be linked by better infrastructure with the rest of Brazil and other Amazonian countries. The quality of life of its population should be improved "in the context of sustainable development".

"integration into the rest of Brazil," says Mr Almir Gabriel, governor of Pará state and an ally of president Fernando Henrique Cardoso, "should be done with the least damage possible – it can't be done without damage – and international help should be maximised".

The document also stresses the need for "zoning", to make sure development projects are not promoted in sensitive environments, and recognises that Brazil's many environmental laws have often not been enforced. Instead of central government-imposed "mega projects", the government intends to adopt a "bottom up" approach, inviting local governments to put forward priority projects.

Last, the government wants to stress environmental education and retrain state-owned banks, which provide nearly all rural credit, to include environmental factors in lending decisions.

"Without these sorts of changes, talk about sustainability is just beautiful speech," according to Mr Gustavo Krause, environment minister.

Nearly two thirds of the Amazon basin, home to about 20 per cent of the world's fresh water, is in *Brazilian territory*. Brazil's portion is nearly eight times bigger than France and has a population of only 17m people. It has poor communications and many local economies rely on central government handouts.

Special rural development funds, designed to channel low interest loans to small farmers and reduce urban migration, have already yielded promising results in parts of Pará, where big landowners nsually monopolise credit and land conflicts are rising sharply. In Amazonas state there are also hopeful, although so far small-scale, experiments under way with sustainable production of indigenous crops such as cupuaçu fruit and palm hearts.

Brazil, which has long claimed a sovereign right to develop the Amazon, sees it as strategic because of its many international borders and its presumed, hnt still mainly unproved, mineral wealth.

The country's environmental reputation, at its nadir in the late 1980s when the world was shocked by photographs of the Amazon burning, has recovered slightly. The country's constructive role at the Rio de Janeiro Eco '92 summit was praised. Deforestation in the Amazon, estimated to have affected about 10 per cent of the original forest cover, also slowed because of recession. These trends allowed the new *document* to be *drafted* in a "constructive rather than defensive" manner, according to one official.

Critics fear the new policy's effects will be limited. The main problem is that federal agencies which enforce it are poorly paid, understaffed and accused of corruption. These agencies are further undermined by a creaking judicial system and Brazil'a complicated political system under which state governors are able sometimes to ignore central government decisions.

Ibama, the main environmental protection agency, has fewer inspectors than, for instance, its UK equivalent body, even though Brazil is nearly 33 times bigger. Mr Benigno Marques, head of the government's Indian agency in Altamira, Pará, says timber companies regularly invade Indian reserves to steal rare species, such as mahogany. Land agents sell plots of Indian land using false titles.

Although Ibama sometimes fines companies, Mr Marques doubts they pay. Court cases take two to three years and rarely result in punishment. "It's a disgrace," he says.

The government's idea of a "bottom up" decentralising of development projects is especially vulnerable if decisions cannot be enforced. State governments in some southern states are increasingly environmentally *conscious*, bnt *poor* northern states are still usually controlled by powerful individuals who govern largely to further their own interests.

Another prohlem is the unequal land ownership in Brazil, where nearly 80 per cent of the land is owned by 10 per cent of the farmers. Since several of these hig farmers are linked to members of the government, land reform is not a priority.

Land concentration, encouraged by fiscal incentives and lack of support for small farmers, is also continuing. This forces small farmers either into the cities or to migrate to the Amazon, where they can seek work in the informal, black economy of the few big cities or head into the interior, where land is still available but usually leads to forest clearance.

Mr Atila Lins, a congressman for Amazonas state, says that "because there is no real economic activity, most people survive on jobs created by the government in schools or administration. We need the infrastructure to create jobs and develop the region."

Critics of infrastructure projects, especially foreigners, forget that the region's priority is the fight against poverty, says Governor Gabriel in Pará. But he admits there is a limit to reducing poverty while Brazil's severe social problems go unsolved elsewhere.

"It is fundamental to solve the problems in the north east and central west. Otherwise, people will continue to come here, and nothing will be solved," he says.

US housing starts fall 7.9%, hitting growth outlook

By Michael Prowsa in Washington

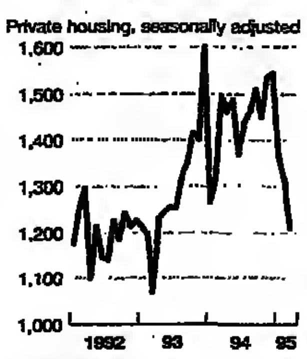
US housing starts fell 7.9 per cent last month and by 19.2 per cent in the year to March, providing further evidence of moderating growth, official figures indicated yesterday.

The weak figures are likely to reinforce speculation that the Federal Reserve will keep monetary policy on hold for several months. Some Wall Street analysts predict that if economic data remain weak the next move in US short-term rates will be down rather than up.

The figures for starts are volatile on a monthly basis especially during winter months. However, last month's decline was the third in three months and left starts running at a seasonally adjusted annual rate of 1.21m, the lowest level in two years. Figures for February were also revised down. Most economists had expected starts to rise by about 4 per cent to an annual rate of about 1.37m.

Tha fall hit all types of housing and most regions. Single-family homes fell 6 per cent; multi-family units fell 15 per cent. Starts fell everywbere but the north-east, where they rose 3.8 per cent. The largest fall was in the west, where starts fell 20.7 per cent last month. Building permits, a guide to future construction trends, fell 4.1 per cent last month.

US housing starts



Source: Datastream

Argentine bank suspended

Six have been temporarily shut down in the past week

By David Pilling in Buenos Aires

The Argentine central bank has suspended Banco Austral, a trade finance bank, bringing to six the number of financial entities temporarily shut down in the past week.

The decision came hours before a bank deposit insurance scheme came into effect yesterday morning.

Banco Austral, which had assets of $130m at the end of 1994, was not suspended because of difficulty in returning customer deposits, the reason that led to the closure of the five other banks. According to the central bank, the move was due to "possible irregularities in (Austral'a) external trade operations".

Bank customers seem to be reacting positively to tha deposit guarantee scheme introduced this week. Many bankers said there had been no unusual withdrawal activity.

Some $5bn of fixed-tarm deposits come up for renewal this week, severely testing public faith in the liquidity squeezed financial system. Some customers have heen putting deposits in the name of different family members or dividing savings among several hanks in order to take full advantage of the insurance scbeme. This covers up to $20,000 per individual per bank.

Banco Integrado Departamental, the most important of the suspended banks, was yesterday considering a restructuring package that may allow it to reopen its doors. The bank may recapitalise by selling part of its branch network or by seeking loans from a $2.5bn trust fund to restructure the Argentine banking sector that came into operation this week. Aslde from those hanks already suspended, at least 20 others have placed severe restrictions on deposit withdrawals. Since Mexico devalued in December, eight banks have been suspended and three have collapsed.

The family owns 240,000 sheep on 700,000 hectares in Patagonia, report **Andrew Hill and David Pilling**

Benetton's vertical integration on a grand scale

If becoming a Benetton jumper is tbe nearest a sheep gets to international stardom these days, then nearly a quarter of a million Patagonian sheep are the ovine world's prima donnas.

This flock belongs directly to the Benetton family, owners of the quoted Italian clothing group, which has held land in Argentina since the 1980s.

With the purchase of three huge farms at the end of last month, the Benettons expanded their territory to 700,000 hectares, grazed by 240,000 sheep. Most of the wool they produce will supply the raw material for pastel-coloured jumpers on tbe shelves of Benetton's 7,000 shops worldwide.

"There is nobody else with 240,000 sheep in Argentina, or indeed in the whole of the Americas," says Mr Diego Perazzo, deputy chairman of Compania de Tierras Sud Argentino, a wholly owned *subsidiary of the Benettons'* family company. "The only country where there could be somebody with more than that amount is Australia, but my investigations haven't turned anyone up yet."

This is vertical integration on a grand scale, a sheep-to-shop network which would have been the envy of medieval wool merchants.

But the Benettons are far from heing self-sufficient in wool. The Patagonian farms, mainly founded by British pioneers in the last century, produce 1.1m kilos of wool a year, some of which is sold to third parties. But the Benetton group consumes 6m kilos of carded wool a year, and still buys about 90 per cent of its supplies from farms in Australia, Naw Zealand and South Africa.

Mr Carlo Benetton, youngest of the three brothers and one sister who founded the Benetton group in the 1960s, says the family is not aiming to expand its flock. The $50m Patagonian investment obviously fits in with the Benettons' carefully cultivated "green" image, and he sees the farms partly as a bobby, albeit an expensive one.

As chairman of Tierras Sud Argentina, Mr Benetton visits the country four times a year, twice on business and twice to inspect his farms and to relax. He often spends Christmas at the 200,000-hectare Leleqne estancia in Chubut, or on a smaller cattle farm at Balcarce, which the family also owns, on the *pampas* in Buenos Aires province.

"Sometimes he comes with his *brother* Luciano [chairman of Benetton group] and sometimes his sister comes. They bring friends. It's obvious that they like it," says Mr Perazzo. "Patagonia is a marvellous place, a sanctuary," he says.

Mr Benetton demands high standards. It pains him to find a stray bottle or a discarded length of nylon twine on the spotless Patagonian plains. "Personally, I'm someone who thinks farming companies should be kept in good order," he says.

With Benetton investment and stronger demand for wool, Mr Perazzo is confident that Patagonian farming should enjoy a revival after years of neglect. The price of aheep for breeding has risen steeply in anticipation of brighter times ahead, he says.

But tha Benettons' most recent Patagonian purchase, the 200,000-hectare El Condor farm, has consigned one long tradition to the past. When El Condor was handed over two weeks ago, Mr John Blake, its 70-year-old administrator, retired. His departure means there is now no longer a single British farm manager in the entire length and breadth of Patagonia.

Carlo Benetton: standards

صكرا من الاصل

NEWS: WORLD TRADE

Tunisia poised to sign EU trade accord

By Roula Khalaf

Tunisia is set to sign a wide-ranging economic partnership agreement with the European Union, the ministry of international co-operation and foreign investment said yesterday.

The deal initialled in Brussels last week marks the first concrete result of the EU's new southern Mediterranean strategy, which rests on forging closer ties with Mediterranean countries through trade agreements, tighter security arrangements and increased financial aid.

The moves are aimed at stemming the appeal of Islamic fundamentalism and alleviating immigration pressures on Europe. EU discussions with Israel, Jordan and Egypt are undar way. Although Morocco began negotiations oo a new trade deal with the EU before Tunisia, talks have been mired in a fishing dispute with Spain.

The accord with Tunisia, an emerging market which has boasted more than 5 per cent growth in the past few years, replaces a more limited 1976 agreement. It envisages the gradual establishment, over a period of 12 years, of a free trade zone for industrial products and a wider liberalisation of agricultural products.

With the agricultural and fisheries sector accounting for more than 12 per ceot of Tunisian gross domestic product, Tunis had been keen to expand agricultural exports to the EU, but has faced stiff resistance from countries such as Italy, Spain and Portugal, eager to protect their own produce. Tha EU is Tunis' most important trading partner, accounting for 78 per cent of exports in 1994 and 70 per cent of imports.

The partnership talks were bogged down for months by a dispute over olive oil. Tunisia produces 150,000 tonnes of olive oil a year, two-thirds of which are exported. Under the 1976 trade agreement, Tunis had a quota of 46,000 tonnes to be exported to the EU at a preferential rate. Tunis was seeking to expand the quota to 60,000 tonnes and extend the preferential treatment. The new EU deal maintains the curreot quota but exteods the preferential rates for four years, better than the three years originally offered.

The accord is likely to sink some Tunisian companies in bankruptcy. At the same time, however, it will force many to boost efficiency to compete internationally. As a ministry of international co-operation official puts it: "The agreement with the EU is both a challenge and an opportunity. It anchors the Tunisian economy in the European sphere and reinforces our capacity to have durable growth on a competitive basis ... but it will not be easy and we will have to make an effort."

Tunisian officials hope that EU financial aid to the industrial sector, the amount of which has yet to be decided, will eocourage European companies to set up in Tunisia. Foreign direct investment in Tunisia, which has hovered around $400m a year since 1992, is more than double what it was in the 1987-1991 period, but still represents less than 10 per cent of total investment.

Jenny Luesby on how Brussels is trying to halt quota dodging and other 'creative sourcing'

Lifting the cloak from China's EU silk trade

Trade fraud and Chinese textilee are subjacts which share a good deal of file space in the offices of the European Commission.

European directorates, from external relations, through industry to taxes, are trying to clamp down on shipping through third countries and on faked import forms that have enabled importers to save on duties and dodge quotas.

The European Commission recently announced that 9.3m garments, which it estimates entered Europe illegally, are to be deducted from China's quotas over the next three years.

While that number of garments is estimated at less than 1 per cent of the Chinese quota, trade officials and importera reckon that the goods represent a small slice of Europe's "creative sourcing".

The most cited abuse is the traffic of Chinese textiles through Hong Kong. Hong Kong has its own, jointly enforced, bilateral trade arrangement with Europe. But as long as Hong Kong law is observed, the UK colony is not obliged to help European officials monitor or enforce the union's bilateral trade agreements with China.

For importers, shipping Chinese goods to Europe from Hong Kong allows them to take advantage of the colony's under-utilised quotas.

The textiles usually enter the UK colony across the border from southern China, and are takeo into factories that can then mix them with output processed locally. Proving whether a T-shirt that leaves a factory arrived as yarn, or as a T-shirt, when T-shirte are heing manufactured on the premises, is extremely difficult.

Another blackspot, according to the European authorities is Dubai, which offers a free port in a large industrial zone and little in the way of monitoring.

Importers also point to Morocco as a source for Chinese goods. Under its association agreement with the EU, Morocco has liberal trade arrangements, based chiefly on voluntary restraints rather than quotas. If Chinese silk can be classified as Moroccan produce, it gains easy access to Europe. All that is required is that it should have some manufacturing operations performed on it in Morocco, such as a new finish applied, or an appliqné or brocade added. Often, such garments leave as they arrived.

But fraudulent documents remove the need for even this charade.

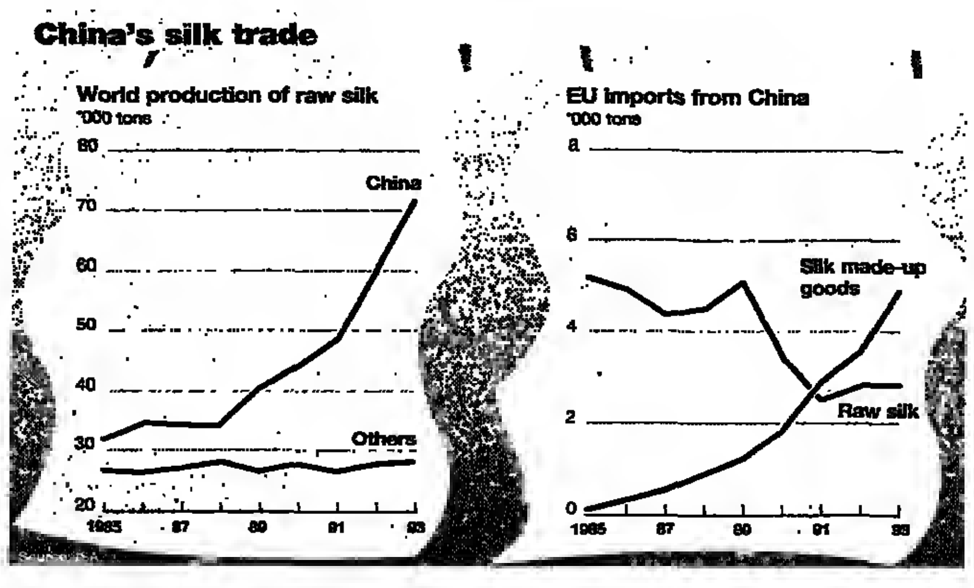
Trade officials suspect that large amounts of Chinese imports are coming into Europe under documents of origin that give their source as Bangladesh, Kenya, or Lesotho.

Where importers fraudulently source Chinese imports to countries such as Bangladesh or Kenya, they also save on duties, since these countries have prefereotial trade access to Europe under the Lomé convention.

Such savings have not just affected imports from China. Reform of Europe's Geoeral System of Preferences this year put some countries on to sliding scales for duties, while retaining dnty-free status for others. Trade officials say this has increased the disguising of origins as importers seek to cash in on the most favourable trade terms.

Meanwhile, Europe's ability to unravel such practices is constrained by a lack of resources. The anti-fraud unit has just five people assigned to textile fraud. The Commission has announced its intention to increase the unit's capacity through a reorganisation, although the numbers have yet to be decided. But the clawback deal with China itself represents a first move towards greater enforcement.

Importers seem undaunted at this prospect, however. Some are even defiant and blame the EU's protectionism for the sourcing abuses, particularly with regard to silk.



The barmonisation of Europe'e silk quotas last year brought severe restrictions, with categories such as blouses and dresses given a quota of 3,020 tonnes, against 1993 imports of 5,100 tonnes, finished silk fabrics 285 tonnes against 1,008 and pyjamas, nightshirts and lingerie 98 tonnes against about 450.

These quotas have since been revised upwards, under the threat of legal action, and on the conclusion of bilateral trade talks with China, but the rises, of about 20 per cent and then 25 per cent, have left many categories far short of 1993 import levels.

There are few alternative sources. Of the other large silk producers, India consumes most of its own output, and Russia produces low quality.

And Chinese silk is far cheaper than the limited supplies of European silk. Producing a kilo of silk – four shirts' worth – takes 14 bours of labour, eeven in the agriculture and seven in turning the cocoon into yarn. Labour costs are more than 20 times higher in Europe than in China.

Thus, China accounted for more than 70 per cent of world silk production in 1993, and an even greater share of European silk imports.

The case for limiting such imports rests on the argument that cheap silk is usurping the very expensive, up-market silk produced in southern Europe.

However, according to the Economist Intelligence Unit, the rapid increase in cheap Chinese silk imports into Europe from 1988 was meeting a new demand, hy taking silk into high street shops.

At the top end of the market, producers argue that this, of itself, has jeopardised demand for higher quality silk, hy undermining its cachet.

But many manufacturers and retailers are unconvinced of the overall benefits of making silk rarer in Europe. And they argue that trade policy which flies in the face of market logic will inevitably lead to bootlegging.

For the Commission, trade harriers represeot important leverage in negotiations to open foreign markets to European exporters. And if the barriers cannot be made to stick, Europe's trading partners will offer fewer concessions to get such quotas lifted.

US positive on India reform push

By Alexander Nicoll in New Delhi

Mr Robert Rubin, US treasury secretary, said yesterday he had been encouraged by talks with Indian ministers on opening the domestic insurance industry to foreign competition.

During a visit to New Delhi, Mr Rubin met the prime minister, Mr P.V. Narasimha Rao, the finance minister, Mr Manmohan Singh, other ministers and businessmen. He said Mr Narasimha Rao had expressed a very strong commitment to continuing with the reform programme.

The US has identified insurance, a state monopoly, as a particular area where it wants to see reform, and US officials pointed yesterday to a June 30 deadline for India to make a commitment under the framework accord on financial services attached to last year's world trade agreement. However, it appeared no firm undertaking was given during this week's talks.

Mr Rubin called on India to create deeper, more efficient, better supervised capital markets, and discussed ways of raising the estimated $20bn a year needed to finance India's much needed infrastructure development.

During a visit to Bombay today it was uncertain whether he would meet Mr Manohar Joshi, chief minister of the newly-elected state government of Maharashtra, which wants to review a power project agreed with Enron Corporation of the US. American officials noted yesterday that the project was the first of many needed by India, and that the country had to send the right signals if it wanted to attract further infrastructure investment.

Meanwhile, the government of the southern Indian state of Karnataka warned foreign investors yesterday to invest money in their proposed projects within a month, or face cancellation of their agreements with the government, writes Shiraz Sidhva in New Delhi.

"We will give you a deadline – if you are keen to invest, invest by then, or else, go away," Mr Deve Gowda said in the state legislative assembly on Monday.

A senior government official in Bangalore, the capital of Karnataka, confirmed that the state government would withdraw from signed memoranda of understanding if investors failed to make promised investments by the deadline. "It's not that we are scaring away investors," the official said. "We just want to make sure that companies who have promised to invest in Karnataka mean business."

He said the government had signed 253 memoranda of understanding since 1991. Of these, less than a quarter were from foreign companies and some had lapsed. Only eight companies had brought in investment to the state.

The Karnataka government had received 15 tender hids for a mass rapid transit system for Bangalore, and 12 offers for investment in steel plants.

Brittan calls for a restart to China's WTO talks

By Tony Walker in Beijing

Sir Leon Brittan yesterday called for a fresh start to talks on China's membership of the World Trade Organisation, the successor body to the General Agreement on Tariffs and Trade.

The vice president of the European Commission made the call at the start of a six-day visit to China during which he will assess Beijing's attitude to a resumption of the stalled WTO negotiations.

Sir Leon said Europe's commitment to China becoming a WTO member was "as strong as ever", but "an equally strong political commitment" was required from China.

Talks collapsed last year on China'e application to become a founder-memher of WTO because of differences over the pace of market liberalisation.

Beijing has indicated it might be prepared to resume discussions next month, hut has called on WTO contracting parties to drop their "exorbitant" demands.

Europe has proposed a six-month transition period for China to become WTO-consistent, and to allow it to achieve membership of the world trade body by the end of the year.

The US has not indicated support for the European proposal but has pledged backing for China'a WTO application. Washington is demanding stronger commitments on market access for such items as agricultural products. It is also calling for a faster opening of the services sector.

Sir Leon made it clear he would be seeking to expand Europe's involvement in China as part of a review of relations with tha People'e Repoblic, requiring more co-ordination within the European Union.

"In a country as vast as China, Europe must operate in a carefully co-ordinated manner if we are to make our voice heard," he said on the eve of talks with Chinese officials.

"I will be eeeking hetter access to Chinese markets, a more open attitude on the part of China to our investments there, and deeper understanding of what we can offer in technical co-operation."

Brittan: urged commitment

China's trade surplus with the EU stood at Ecn8.2bn ($11hn) in 1994, down from Ecu9.9bn the year before. The EU is China's fourth largest trading partner after Japan, Hong Kong and the US.

Philippines eases barriers on cars

By Edward Luce in Manila

The Philippine government announced yesterday it would reduce the level of protection for local car assemblers in advance of recent commitments under the Uruguay Round world trade agreement and a tariff-reduction agreement with the Association of South East Asian Nations.

Under the proposal, which was put forward by the cabinet committee on tariffs and trade-related matters in Manila yesterday, the gap between tariffs set on fully assemhled imported cars and components of car parts would narrow from 30 per cent to 20 per cent.

This would reduce the protection barrier favouring local car assemblers in the Philippines by narrowing the price differential between imported cars and vehicles assembled in the Philippines.

Importers of foreign-made car components would still benefit from a 20 per cent tariff advantage under the change. The proposal is expected to be approved within a month.

The Philippines, which had 5.1 per cent growth in gross national prodnct in 1994, is increasingly viewed as a lucrative consumer market by Asian and European car manufacturers as well as a good-value location to assemble cars for export to south-east Asia.

Last year BMW, the German group, and Proton, the Malaysian state-owned vehicle company, set up car assemblies in the Philippines, citing an efficient workforce and growing middle class as influencing factors. Mitsubishi and Toyota, the Japanese car producers, have both maintained vehicla production lines in the Philippines for some years.

On a visit to the Philippines last week representatives from the Keidanren, the Japanese business association, said the country would be an attractive site for further local car assembly investment, especially in the light of the yen's appreciation against the dollar.

WORLD TRADE NEWS DIGEST

Asian groups in chip accord

Toshiba, the Japanese electronics company, and Samsung of Korea, have agreed to jointly develop future generation flash memory chips. The two companies, which have already been co-operating on 16-megabit NAND-type flash electrically erasable programmable read-only memory chips (EEPROM), will jointly develop 64-megabit NAND-type flash memory chips. Sample shipments are scheduled for next spring. Flash memory is seen as a promising alternative to disk-based storage systems, particularly hard-disk drives, for portable information and communications equipment. The market, which is estimated at $1.3bo worldwide this year, is expected to grow to $6.2bn in 2000, Toshiba said.

Yesterday's deal highlights Samsung's growing strength in the memory market, which was once dominated by Japanese electronics companies. In their previous collaboration on 16-megabit flash chips, Samsung manufactured the chips using technology provided by Toshiba and based on Toshiba's key technical specifications. The latest agreement, however, calls for joint development including designing of the chips, which will enable the companies to share resources and cut develop time. *Michiyo Nakamoto, Tokyo*

India gem exports surge

Gems and jewellery exports from India increased to $3.6bn during April to January 1994-95, from last year's figure of $2.8bn, in spite of problems caused by plague last year in Surat, a major diamond-cutting centre. Diamonds accounted for 85.6 per cent of total exports. India accounts for 70 per cent of the total volume of world trade in cut diamonds, and 50 per cent of the value, said Mr Harshad Mehta, chairman of the Gems and Jewellery Export Promotion Council.

"India's gems and jewellery exports have registered dramatic growth in the last decade," Mr Mehta said. The Council hopes to improve India'e share of the global jewellery market. Indian exporters have been encouraged by the fact that the World Gold Council, a Geneva-based non-profit organisation founded hy 15 of the world'e leading gold mining companies, has set up an office in Bombay to help Indian jewellery manufacturers tap the world market. *Shiraz Sidhva, New Delhi*

Mercedes wins Vietnam licence

Mercedes-Benz, a unit of German car and industrial group Daimler-Benz, and a consortium involving the Daihatsu company, have received a licence to make vehicles in Vietnam. A Mercedes spokesman in Hanoi said the firm had received a licence on Monday to invest $70m in a venture to make light trucks near the southern industrial hub of Ho Chi Minh City, formerly Saigon. Mercedes would make buses, light trucks and some cars in a joint venture with the Saigon auto engineering company.

A Daihatsu official said the firm would invest $30.6m in a plant near Hanoi and would produce about 800 light trucks from 1996, rising to 5,000 after the fifth year. "We sold 7,000 similar trucks in Vietnam back in 1964. About 4,000 are still being used, and we plan initially to replace those with the new models," he said. Daihatsu will hold a 35 per cent stake in a venture jointly invested by Indonesian listed companies PT Astra International and Mitra Anfasantika and Vietnam's Union for Mechanical Engineering Enterprises, a unit of the Ministry of Transport. *Jeremy Grant, Hanoi*

■ Singapore Telecom (ST), the island republic's partially privatised posts and communications utility, is taking a 35 per cent stake in a venture to develop China's first nationwide radio paging network. Other partners in the venture include a company controlled by China's Ministry of Posts and Telecommunications and an investment group controlled by the Beijing Municipal government. ST says that it will invest S$29m ($21m) in the initial phase of the project. *Kieran Cooke, Kuala Lumpur*

IMF chief presses for more funds

By George Graham in Washington

Mr Michel Camdessus, the managing director of the International Monetary Fund, called yesterday for a doubling of his institution's capital base and an issue of more than 36bn new Special Drawing Rights, its own quasi-currency.

Mr Camdessus said Mexico's financial crisis earlier this year had shown that a substantial increase in resources was needed if the IMF was to be strong enough to react to future liquidity crunches in other countries.

"The Mexican crisis has told us that prevention is essential, but strength at the time of dealing with a crisis is also essential," he said.

To help Mexico deal with a severe liquidity crunch the IMF promised to lend it an extraordinary $17.6bn (£11bn) as part of an international package to which the US contributed $20bn. Together with the $6.8bn standby credit the IMF has just approved for Russia, this has placed an unusually high proportion of the IMF's money at risk in just two of its member countries.

But Mr Camdessus's proposal to double the size of IMF member countries' quotas, which are roughly equivalent to its share capital, is expected to meet with a lukewarm response from many of the largest industrial nations.

So too is his attempt to revive the issue of an allocation of SDRs, which provoked a rift between industrialised and developing nations at the IMF's annual meeting in Madrid last year.

Mr Philippe Maystadt, Belgium's finance minister and chairman of the IMF's policy-setting interim committee, decided to drop the question of an immediate issue of SDRs from the agenda of next week's half-yearly committee meeting after failing to bridge the gap between the two sides.

But he has recommended longer term consideration of an issue of SDRs which could be channelled into a sort of financial safety net for crises like Mexico's.

Mr Camdessus said that to keep pace with the growth of the world economy since the IMF's last quota increase, quotas would today need to be raised by 70 per cent from their current level of 145bn SDRs. But he warned it would take two to three years to implement a quota increase, and the resources should then be adequate to cover another five years.

"We must take account of what is happening in the global marketplace, where we no longer face current account crises but capital account crises. To ask for an extra 30 per cent does not seem to me an exaggeration," he said.

Mr Camdessus framed his renewal of his oft-repeated request for an issue of SDRs as part of a solution to the IMF's liquidity problems in the next few years before a quota increase could be carried out.

He said the IMF must also consider other options such as increasing the size of the General Arrangements to Borrow, an SDR 18.5bn credit line with the industrial nations and Saudi Arabia; expanding the number of countries ready to lend to the IMF under the GAB; borrowing in the capital markets; or selling some of the IMF's gold reserves.

Recession or prosperity – the choice ahead

World Bank sees chances offered by globalisation matched by risks for those who ignore rules of the game. Guy de Jonquières reports

If governments behave virtuously, developing countries can lead the global economy forward to a decade of prosperity without parallel since the 1960s. But misjudged policies could still plunge the world into recession, financial market turmoil, a slump in international trade and a relapse into protectionism.

The World Bank sets out these contrasting possibilities in a report* designed to emphasise that the increased opportunities offered by globalisation are matched by equally formidable risks and penalties for those who ignore the rules of the game.

On balance, the bank plumps for optimism. It cautions that all long-term numerical forecasts are fallible, but expects the world economy to grow 3.3 per cent annually over the next decade, while inflation remains low and international trade expands strongly.

Its confidence is rooted in the faster integration of the world economy resulting from acceptance of liberalisation, reform and export-oriented growth policies by developing countries, especially in East Asia and Latin America.

It points out that developing countries today buy a quarter of industrialised economies' exports, up from a fifth in the late 1980s, and generated most of the growth in world exports during the recession in the early 1990s.

Global integration had also been stimulated by growing capital mobility, a surge in international investment flows and technological innovation, making many more services internationally tradeable.

But globalisation carried a price. Not only did countries which spurned outward-looking policies risk being marginalised, but continued prosperity required governments everywhere to accept international market disciplines.

Good prospects lie ahead, but misjudged policies could still plunge the world into turmoil

"The premium on sound economic policies has risen. In a more integrated global economy, the rewards of such policies are larger, but so are the penalties for policy errors."

Mexico's financial crisis has underlined this. The World Bank does not expect a chain reaction in other developing countries, but says they must persist with sound macro-economic policies and structural reform to reduce their vulnerability to such shocks.

"Maintaining strong economic fundamentals is the key to ensuring stability and steady growth in private capital inflows. When a reversal of inflows occurs, as recently in Mexico, it may appear sudden, but its causes can be traced to slippages in economic policy and performance."

The bank expects the crisis to slow, at least temporarily, short-term private capital flows into developing countries. But it says only a modest portfolio diversification by western investors would be needed to increase five-fold foreign holdings of developing-country equity by 2010.

By then, developing countries' share of total foreign direct investment could rise to 30 per cent from 20 per cent, accounting and they could account for 48 per cent of world trade. China, India and Indonesia could be among the six biggest economies in terms of purchasing power.

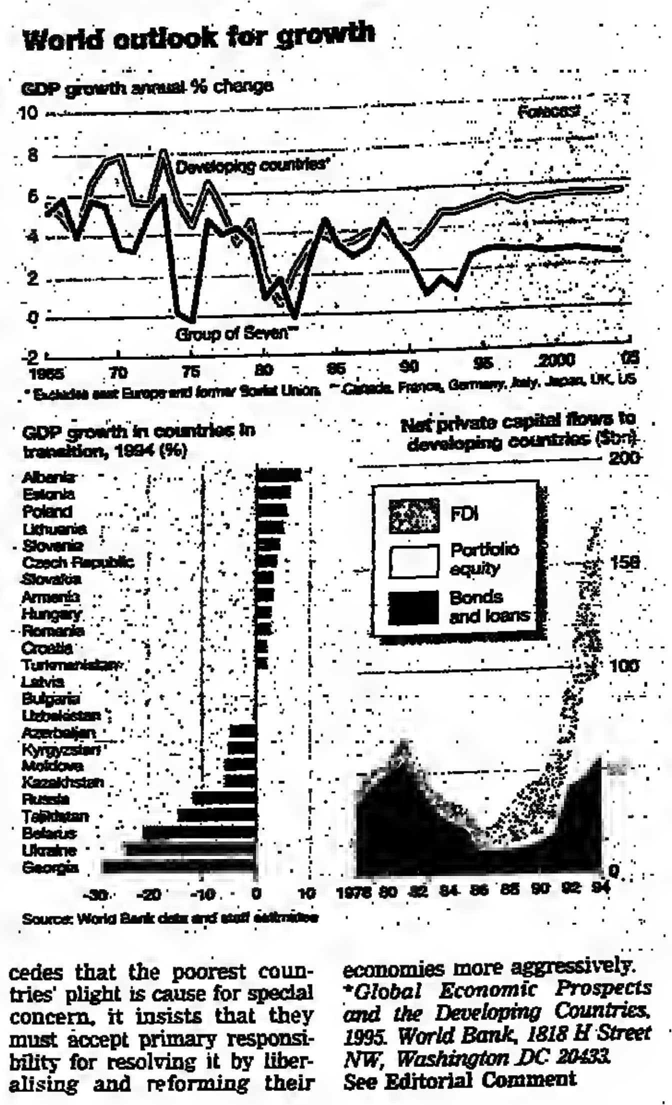
But several threats could blight this prospect, including a wider Mexico-style debt crisis and an over-exuberant global boom, followed by a slump. Even if these are avoided, the world will face intensified frictions and protectionist demands as industries in developed countries face adjustment to keener competition from developing economies.

Such competition may increasingly spread to services. Technology enables many services, such as order-processing and even research, to be carried out in countries with low labour costs.

But industrialised countries are likely to gain more than they lose from closer integration with developing economies, because increased prosperity in the latter creates demand for exports of capital goods and consumer products.

By 2010, more than 1bn consumers in developing countries could have incomes per head higher than those in Greece and Spain today: developing countries' imports should grow faster than trade between industrialised countries.

But even under the bank's rosiest predictions, economic progress in developing countries will be extremely patchy. The report expects a reversal of Africa's long economic decline, but says incomes per head there and in many other regions will be lower in 2000 than in 1980. But while it concedes that the poorest countries' plight is cause for special concern, it insists that they must accept primary responsibility for resolving it by liberalising and reforming their economies more aggressively.



Global Economic Prospects and the Developing Countries, 1995. World Bank, 1818 H Street NW, Washington DC 20433.

See Editorial Comment

British plan for IMF gold sales gains momentum

By Gillian Tett and Robert Chote

Controversial British proposals to ease developing countries' debt burden by selling part of the International Monetary Fund's gold reserves are likely to be given fresh impetus at next week's international monetary meetings in Washington.

Officials from the Group of Seven leading industrial nations discussed the issue at last week's annual general meeting of the European Bank for Reconstruction and Development in London. It is now likely to be discussed by the IMF's interim and development committees on Wednesday and Thursday next week.

The proposals for gold sales have previously provoked strong resistance from some G7 members and the IMF, but the meetings are expected to endorse a statement calling for fresh action on the problem of multilateral debt. Some countries have still to be persuaded the problem is a serious one.

The proposals for a new framework of debt relief were initially mooted by Mr Kenneth Clarke, UK chancellor, at a meeting of the Commonwealth finance ministers last autumn. They suggested the debt burden of poor countries be relieved by extending the Trinidad terms, which eased the burden of debt owed to supra-national financial institutions such as the IMF and World Bank.

About a quarter of the debt held by low-income countries is owed to multilateral financial institutions.

The proposed relief programme would be financed by selling up to 10 per cent of the IMF's $40bn (£25bn) of gold reserves. British officials say too much of the IMF's reserves are held in gold which pays no income. They claim the money received from gold sales could be reinvested in income-bearing assets, and income from this used for debt relief.

Unsurprisingly, the proposals received strong support from the Commonwealth and other developing countries, but provoked strong opposition from the IMF and some G7 countries.

Officials from several countries involved in the discussions ahead of the IMF spring meeting say there are signs that some of the opposition to the British proposals is moderating, within the IMF and among some other G7 countries.

INTERNATIONAL NEWS DIGEST

India rejects US pressure

Mr P V Narasimha Rao, the Indian prime minister, ignored US criticism of Iran yesterday and hailed Iranian President Akbar Hashemi Rafsanjani's three-day state visit as a landmark event in bilateral ties. Speaking after the visiting US treasury secretary Mr Robert Rubin conveyed Washington's "extremely strong concern" about Iran to him, Mr Rao told Mr Rafsanjani: "We hope your historic visit will be a landmark in our bilateral relations."

Some Indian deputies and government ministers responded to Mr Rubin's remarks with anger. "We are not a banana republic to be told who we should like, invite or dine with," an MP of the ruling Congress party said. Indian officials said India, emerging as a major business and political ally of isolated Iran, had offered Mr Rafsanjani help in strengthening Tehran's weaponry. *Reuter, New Delhi*

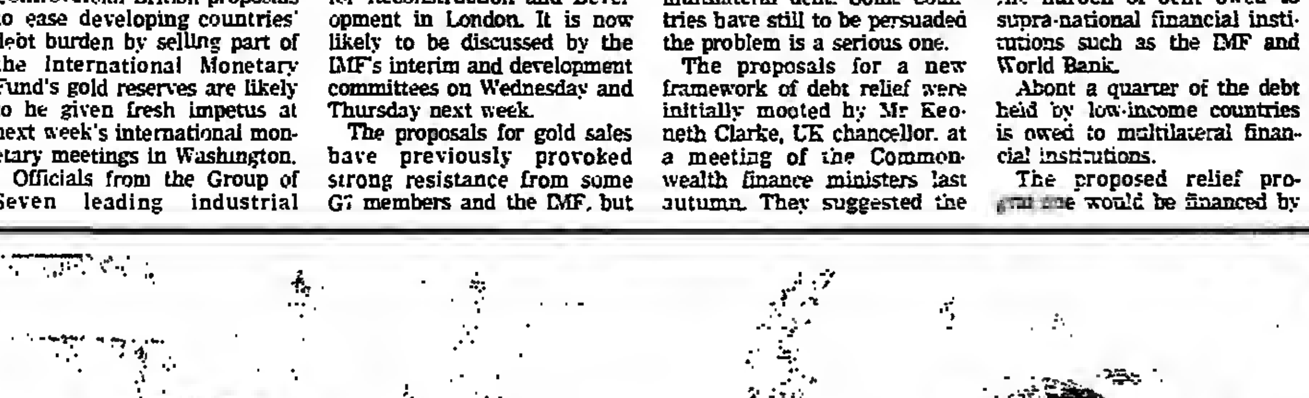
Bahrain blames extremists

Bahrain yesterday blamed a foreign-backed Moslem extremist organisation for recent anti-government protests. "Extremist religious leaders are leading the events which are linked to external party organisation and is backed by a foreign power," Sheikh Mohammad Bin Khalifa al-Khalifa told his counterparts in the Gulf Co-operation Council. At least 10 civilians and three policemen have been killed and hundreds arrested since December in unrest following the detention of a young Shi'ite cleric, who was later deported with three other clerics. *Reuter, Manama*

Peres bid to end peace logjam

Mr Shimon Peres, the Israeli foreign minister, proposed yesterday that negotiations with Syria be raised to foreign minister level and that they deal with all outstanding issues simultaneously. Recent discussions between the two countries' Washington ambassadors have become bogged down over mutual security arrangements. Syria has demanded that demilitarised, or limited-force, zones be of equal depth on both sides. Israel has rejected this, claiming that Syrian forces on the Golan Heights would present a greater threat to Israel than Israeli forces in Galilee.

In an interview with the daily newspaper, Ha'aretz, Mr Peres suggested that negotiating the four main issues - Israel's withdrawal from Syrian territory captured in 1967 and new borders, peace and the nature of future relations, security arrangements, and a timetable - together would give both sides more room for bargaining. So, he argued, would raising the level. *Eric Silver, Jerusalem*



Masked Palestinians march at Bethlehem University yesterday commemorating the anniversary of the death of the PLO's Abu Jihad, killed by Israeli commandos in Tunis in 1988 EPA

US in push for Caspian pipeline

By Steve LeVine in Alma Ata, Kazakhstan

Mr William White, deputy US energy secretary, has begun a seven-nation tour aimed at breaking a deadlock over building an oil pipeline from the former Soviet Caspian Sea.

Mr White, pursuing a new US policy supporting a non-Russian pipeline route, saw the US company Mobil sign an $80m (£50m) exploration contract in Alma Ata, the Kazakh capital, at the weekend. The contract calls for Mobil to explore and develop oil and natural gas in north-west Kazakhstan's 4m-acre Tulpar field.

It is a 50-50 joint venture partnership with three Kazakhstan state companies.

The Mobil deal is part of a big increase in US activity in Caspian energy. Mobil, the largest foreign buyer of Russian oil, is also discussing buying into the Kazakhstan government's interest in the Karachaganak natural gas and condensate field near the Russian border, western oil industry analysts say. British Gas, Agip and the Russian natural gas giant Gazprom share an interest in the field.

Analysts say Kazakhstan's interest in attracting a US partner for Karachaganak is partly to increase its leverage against Russia.

Mr White's visit coincides with a US policy shift, in which Washington has endorsed a Turkish pipeline route to transport oil from the west Caspian in Azerbaijan. If such a route is built, Kazakhstan could connect to it through a proposed trans-Caspian pipeline.

The US endorsement counters a Russian policy aimed at encouraging the three energy-rich Caspian states, Azerbaijan, Kazakhstan and Turkmenistan, to continue shipping oil and natural gas through Russia on Moscow's terms.

Western explanations of Russia's energy policy range from simple economics (Moscow does not want local competition to its own gas and oil industries) to regional imperialism.

A leading western beneficiary of an end to the deadlock would be Chevron, whose planned $10bn investment in Kazakhstan's Tengiz oilfield has been stalled for two years over the pipeline issue. Mr White will also travel to Turkmenistan and Azerbaijan, then to Georgia, Armenia and Turkey, through which a pipeline could pass, before ending his trip in Moscow.

UK 'has halted build-up of N-material'

By Michael Littlejohns in New York and Bernard Gray in London

Mr Douglas Hurd, British foreign minister, said yesterday that the UK had ceased production of plutonium and enriched uranium for use in nuclear weapons.

The ending of production of fissile materials is seen as a significant element in preventing the spread of nuclear weapons around the world. It is regarded as an important gesture by countries with nuclear weapons to reassure non-weapon states they are serious about disarmament.

"To remove any doubts about our commitment to this process I can announce today that the UK has ceased production of fissile material for explosive purposes," Mr Hurd said at the UN conference discussing how to extend the nuclear Non-Proliferation Treaty. The UK "wanted to see an early conclusion of an effective comprehensive test ban treaty".

In an effort at reassurance about nuclear disarmament, Mr Hurd repeated figures showing the UK had cut its nuclear warheads by 21 per cent since the early 1970s; the total explosive power of its stockpile was down by 59 per cent.

The International Security Information Service estimates the UK will have 200 nuclear warheads by 1998, all based on Trident submarines. Russia and the US will have 3,500 warheads each once pledged treaty cuts are completed in 2003.

Mr Hurd was more cautious about future reductions in the UK's nuclear weapons stockpile. The critical level for further UK cuts would come once US and Russian stockpiles were "in the hundreds."

Other speakers in the opening sessions included Mr Alan Juppé, French foreign minister, who addressed the 178-nation meeting on behalf of the EU and six central and eastern European NPT signatories. Despite the pact's success, the situation remained "ambivalent", he said.

New regional ambitions were surfacing for which the acquisition of weapons of mass destruction could constitute a dangerous means of domination. Mr Juppé stressed the importance of indefinite, unconditional extension of the accord. A disarmament pact remained top priority.

Discovery of a secret Iraqi nuclear weapons programme in the Gulf war and experience with North Korea emphasised the need to strengthen nuclear safeguards. Warning of the risk that weapons-grade fissionable material from dismantled weapons could fall into smugglers' hands, Mr Klaus Kinkel, German foreign minister, said the "hundreds of tonnes of spare plutonium" must be reliably monitored.

Regulator imposes record fine

By Norma Cohen, Investments Correspondent

Greig Middleton, one of Britain's largest private client stockbrokers, was yesterday fined £200,000 ($320,000) by the securities regulator over the firm's sponsorship of a trust in which investors lost millions of pounds. It was the largest corporate penalty imposed by the Securities and Futures Authority, the self-regulating body for the securities industry.

The authority also reprimanded the firm's chairman, Mr Mark Kemp-Gee, and fined him £5,000. Mrs Valerie Marshall, a director employed in Greig Middleton's corporate finance department who was primarily responsible for the trust's launch, was severely reprimanded and fined £10,000. Neither was available for comment yesterday.

The authority said the firm, which has eight branches in England and Scotland and more than 300 employees, had failed to exercise due care in preparing the trust'a prospectus. The authority added that Greig Middleton "did not sufficiently investigate incorrect, incomplete and exaggerated representations" made to it by Seifert Ltd, the developer of a property in London's Docklands which investors' funds were used to buy.

Greig Middleton had failed to appoint an external accountant to audit those claims and it tried to rush through completion of the trust in an unrealistically short period, the SFA said. The authority said it had levied a large fine to underscore its concerns about the accuracy of sales materials, particularly with the advent of a more lightly regulated market for small-company shares.

Greig Middleton said the fines related to breaches of general principles of the Financial Services Act, an action which the firm viewed as less serious than violations of specific regulations.

The trust's clients invested in the Second Greig Middleton Enterprise Zona Trust, an investment trust intended to take advantage of tax concessions. The trust, launched in April 1991 just before the close of the tax year, used more than £10m raised from about 300 investors to buy the Docklands building from Seifert Ltd, the property development arm of the Seifert group of architects, which was to be the main tenant.

In July 1992, Seifert Ltd went into liquidation. Greig Middleton was bought last year by King and Shaxson, the discount house, which knew of the proceedings and investigation at the time of the purchase.

Soccer hit by row over steel from Germany

Financial Times Reporters

British Steel has withdrawn its sponsorship of Middlesbrough soccer club after the company claimed that the club in north-east England was using German steel to build its new stadium.

The club said British Steel was a relatively minor sponsor, funding man-of-the-match awards, match balls and hospitality functions, but its support would be missed.

Taylor Woodrow, tba construction group building the £16m ($25.6m) new stadium, confirmed that only about 200 tonnes out of 2000 tonnes of steel were being supplied by British Steel.

It said the contract to supply and fabricate the steel bad been placed with the UK subsidiary of Butler Engineering, an Irish company. British steel fabricators have previously complained to the Department of Trade and Industry that Bntler bad received illegal subsidies from the Irish government.

Taylor Woodrow said yesterday: "We took over the stadium contract at very short notice after the previous contractor failed to agree terms with the club.

"It is a very low cost contract. Bntler has taken a proper commercial decision and sourced its steels purchases where it could get the best value for itself and the client. We are happy that the steel is of the right quality and meets the technical specifications for the job."

The Taylor Woodrow spokesman was not able to say which other countries had supplied the steel.

Mr Pat Butler, head of Butler Engineering, said that only around 5 per cent, of the £2.2m steel contract was provided by German suppliers, whom he declined to name. He said the vast hulk of the steel was coming from UK sources.

British Steel has already removed advertising hoardings from Ayresome Park, the current bome of Middlesbrough football club. The last home game it sponsored was against Stoke two weeks ago. The company said: "We're extremely sad to have had to make this decision, but when we make the best steel in Europe just down the road and they use German steel, how can we continue to support the club? It's a matter of principle."

The Constructional Steel Association has already complained to the European Union that Italian and Spanish steel fabricators trying to break into the British market have received illegal subsidies.

Middlesbrough football club, which has Uwe Fuchs of Germany as its star striker, is dua to play its final game at Ayresome Park on April 30.

Universities' role needs research

The conversion of the UK's universities from elite to mass institutions is one of the great social transformations of our time. Yet the ramifications of the revolution for British edncation and society are remarkably unconsidered.

In the early 1960s, Britain's universities had barely 100,000 full-time students. Now there are about 850,000 fulltimers and a further 350,000 studying part-time. Nearly one to three of last year's school leavers went on to higher education, up from only 6.5 per cent in 1962.

Since 1960, the number of British universities has risen from 26 to 86. The biggest increase came three years ago, when 41 higher education colleges, including all the polytechnics established in the 1960s to provide more vocationally oriented courses, were transferred to the university sector.

Politicians and most vice-chancellors assume that this transformation is an unalloyed hlessing. They say it will increase skill levels, improve economic competitiveness and enable individuals to lead more fulfilling lives. Although conceding that the funding of expansion remains an issue, they hope that the shift from grants to loans to finance student maintenance will be a precedent for gradually passing more of the cost of higher education from the state to students and their families.

Many fear that such gradualness, while politically expedient, will do irreparable damage to the universities. There is certainly evidence of fast-rising class sizes. In "old" universities the average is now 14 students for each member of staff, up from 10.6 only five years ago, and in some of the former polytechnics the figure is twice as high. Such increases in the student:staff ratio inevitably reduce the quality of teaching.

Increasad undergraduate teaching loads may be particularly damaging in the old universities, where research and postgraduate students are concentrated. A number of leading departments at Oxford failed to gain top rankings in the last official research assessment. The excuse given privately is that too much academic energy is devoted to undergraduate teaching.

Thirty years ago, the Franks commission recommended that Oxford and Cambridge become exclusively postgraduate institutions to avoid just such an outcome. The failure to adopt that course may make it increasingly difficult for top UK universities to remain in the world-class research league dominated by their US counterparts.

Meanwhile, academic pay has been held down tightly. Lecturers' salaries have barely kept pace with inflation since the early 1960s and are rapidly falling behind those of schoolteachers. The average salary for a professor is about £37,000 ($59,200) while the head of a typical school for children aged over 11 receives about £42,000 and senior staff in business and industry far more.

The wider issue of the social utility of mass higher education is more problematic. Few deny that, in principle, more is better. A study by the Organisation for Economic Co-operation and Development of comparative education statistics, published this month, notes that across the OECD unemployment among university graduates is barely half the level applying among those completing secondary school but lacking degrees.

As the graduate population increases, the relative employment advantage of graduates might be expected to diminish. But since skill demands are constantly rising, a steadily larger graduate population is almost certainly desirable on economic grounds.

However, the critical qoestion "more of what?" is rarely addressed at the national level in the UK. Provision is usually determined hy student demand, reflecting existing patterns of schooling and employment which may be poor indicators of future needs.

The debate is often put in terms of the numbers studying "science" versus "arts", on which basis the UK scores well in the OECD survey except in engineering. However, more important may be the divide between "applied" and "pure" courses, where Britain scores far less well. In particular, following the merger of the former polytechnics with the universities, Britain has no higher education institutions *solely* designed to provide industry and business-oriented courses, just as the demand from those sectors for graduates is growing.

Germany has carefully cultivated its Fachhochschule, equivalents of the UK's polytechnics, as institutions separate from universities to perform this function. So has Singapore, where per capita income now exceeds Britain's. Singapore has adopted a "40:40:20" policy – with 40 per cent going to universities, 40 per cent to polytechnics and 20 per cent to vocational training colleges.

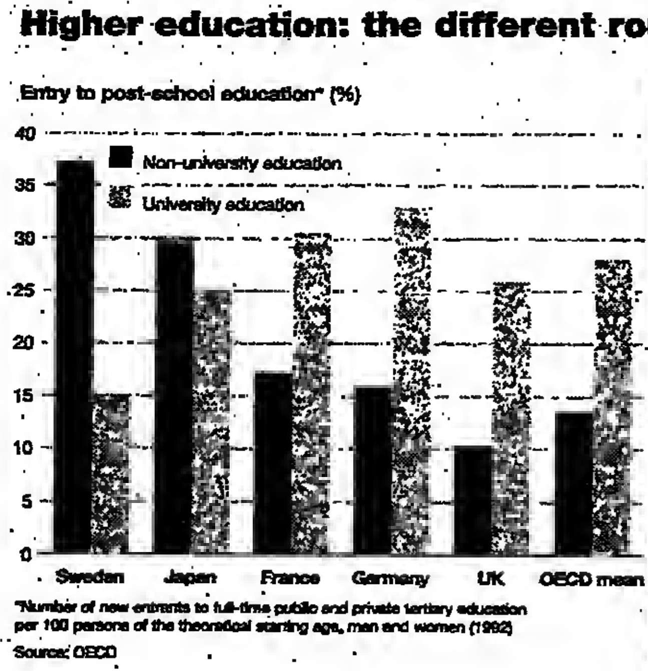
Tellingly, engineering accounts for the great majority of places in Singaporean polytechics, with new courses mostly devoted to other applied practical fields such as information technology. Singapore's polys boast of themselves as "schools for industry" while many of the former polytechnics in the UK are aping universities as fast as they can.

The danger is clear: as former polytechnics seek to become mini Oxfords while old universities become mass teaching colleges, the UK will sacrifice both its world-class research universities and its dedicated business-oriented institutions.

This is the second of two articles on higher education in Britain. The first appeared on February 20.

It is time to pause and assess the social utility of mass higher education, says Andrew Adonis

Higher education: the different routes



*Number of new entrants to full-time public and private tertiary education per 100 persons of the theoretical starting age, men and women (1992)

Source: OECD

UK NEWS DIGEST

Regional aid loophole is criticised

Labour members of the European parliament are seeking an urgent meeting with the European Commission to discuss the allocation of millions of pounds of regional aid to UK utilities that were subsequently privatised. Mr Stephen Hughes, chairman of tha European parliament's committee on social affairs and employment, said he would raise the issue in Brussels next week. In a letter to Ms Monika Wulf-Mathies, regional affairs commissioner, Mr Hughes called for an "urgent amendment to the regional fund regulation to prevent finance being diverted in this way".

He added: "It is entirely unsatisfactory that currently the Community needs to attempt to recoup finance after the event. I believe you will agree that the approach should be preventive rather than reactive." Labour, which has made the salary and bonus schemes of executives of UK utilities a major issue at Westminster, believes the financial base of some of the companies was considerably enhanced by EU regional aid.

John Kampfner, Westminster Correspondent.

Delays increase for holiday flights

More than half of holiday flights at the UK's seven main airports were delayed last summer, says the Civil Aviation Authority. Only 45 per cent of charter flights left or arrived within 15 minutes of their published time in July-September 1994 compared with 49 per cent for the same period in 1993 and 46 per cent in 1992. Scheduled airlines showed far greater punctuality but mirrored the trend shown by charter flights. Some 79 per cent of scheduled flights were on time last summer compared with 81 per cent in 1993 and 74 per cent in 1992.

The CAA said an increase in the number of flights last year contributed to the delays. Mr Alan Flook, secretary-general of the Federation of Tour Operators, which represents the 19 largest UK tour operators, said be was "surprised and disappointed". *Scheherazade Daneshkhu, Leisure Industries Correspondent*

Calf protesters fail to halt trucks carrying sheep

Ten people were arrested and several injured yesterday as protesters against exports of live farm animals clashed with police in the port of Brightlingsea in eastern England. But the demonstrators failed to prevent the exporters moving three trucks carrying 1,200 sheep into the port.

Tensions were particularly high yesterday after the police for the first time invoked the 1986 Public Order Act, which carries tbe threat of beavy fines and prison terms. Yesterday's events at Brightlingsea come amid fears that protests against live animal shipments could resume in other export ceotres.

Stewart Dalby, Brightlingsea

EMU prompts revamp of official statistics

The Bank of England and the government's Central Statistical Office are preparing to publish monthly estimates of the current account of Britain's balance of payments, even though the government believes they are unnecessary as a guide for policymaking. The bank and the CSO have established a joint working group to prepare the figures. This follows a decision by the European Monetary Institute, the forerunner of a European central bank, that monthly data will be vital in the run-up to adoption of a single currency. Britain and the Irish Republic bave both argued that collecting the figures is an unnecessary expense, as they are not needed as a guide to monthly decisions on interest rate policy. But Britain is accepting the decision so as not to rule out possible participation in a single currency on a technicality.

Robert Chote, Economics Correspondent

Teachers scorn leader's appeal against strike

A conference of the UK's largest teachers' trade union voted for a strike across England and Wales despite criticism of industrial action by Mr Doug McAvoy, the union's general secretary, and Mrs Gillian Shephard, education secretary in the Conservative government. In a rare display of political unity, Mr John Major, the prime minister, and Mr Tony Blair, leader of the opposition Labour party, presented a united front against classroom disruption. Mr Blair said in the House of Commons that a strike would be "wrong and misguided". *FT reporters in London and Blackpool.*

Tension with Irish nationalists grows

Tension between the government and Sinn Féin, the political wing of the Irish Repubbcan Army, increased last night after an exchange of letters seen as reinforcing the differences between the two sides over the Northern Ireland peace process. Officials described the latest letter to the UK Northern Ireland office from Mr Martin McGuinness, Sinn Féin's chief negotiator, as "evading the core issues". In the note, Mr McGuinness was understood to have restated Sinn Féin's argument that its electoral mandate required that it be treated in the same way as the province's constitutional parties and the gronps representing anti-nationalist paramilitary groups. Britain insists it will not upgrade exploratory talks to ministerial level until Sinn Féin give an unequivocal commitment to discuss the technicalities of decommissioning IRA weapons. *John Kampfner*

A detective displays a Bren submachine gun, one of a cacbe of weapons found at the English home of an ordnance worker arrested last week in Northern Ireland

London railway "lousy": London's Underground railway is rapidly becoming one of the worst subway systems in the world, a member of the opposition Labour party said in the House of Lords, the unelected upper house of parliament. Lord Dubs said the service was "plain lousy" for most travellers. Viscount Goscben, a junior transport minister, said funding was adequate.

Wreck lures tourists: The beached wreck of the stricken catamaran ferry Saint-Malo has become a big tourist attraction on the island of Jersey between England and France. Passengers were evacuated from the ferry after it was holed at sea on Monday. Hundreds of people walked across the sand at low tide yesterday to see the vessel, lying 120m offshore in St Aubin Bay.

Speaker speaks out: Miss Betty Boothroyd, Speaker of the House of Commons, reprimanded MPs for asking questions and then not appearing in the chamber to hear ministers answer them. She insisted that such behaviour merited an apology to her and the minister due to give a reply. "I will have an apology from them before the day is out."

Size of tax shocks smokers

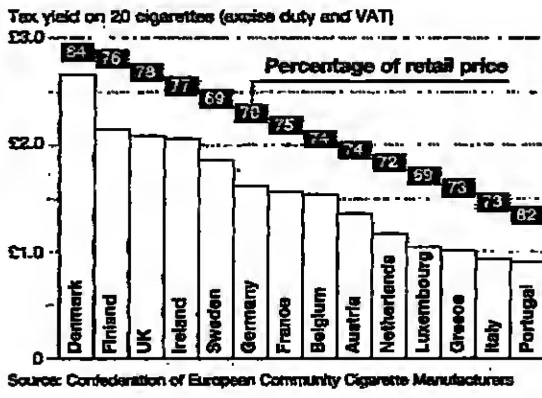
Very few British cigarette smokers realise how heavily their habit is taxed, says a survey commissioned by Philip Morris, manufacturer of Marlboro, our Consumer Industries Editor writes.

The Tobacco Manufacturers Association said it was surprised by the poll and suggested that raising smokers' awareness of their contribution of £9bn ($14.4bn) a year to the government's finances could become a potent political tool. Tha poll showed greater ignorance than the association expected. "People generally underestimate how much excise duty and VAT they pay or a product, whether tobacco or drinks, but the survey still surprised us."

The tax on a typical packet of 20 is £2.10 out of the £2.70 price, UK smokers are the third-highest taxed in the European Union after Denmark and Finland in terms of tha absolute take and third after Denmark and Portugal as a percentage of the purchase price. Some 95 per cent of the more than 5,000 smokers polled in 12 UK regions either did not know how large tha tax was or said it was less than £2.10. About 5 per cent thought it was more than £2.10.

Although the tax take varies widely within European countries, it falls in a narrow hut high percentage band of the cigarette price. Thus, at current exchange rates, Spain collects only 44p on a 61p packet but Denmark collects £2.65 on a £3.17 packet.

Coughing up



Source: Confederation of European Community Cigarette Manufacturers

INTERNATIONAL APPOINTMENTS

Banker to take over as Heineken chairman

Freddy Heineken, 71, retires as chairman at Heinekenof the supervisory board of Heineken, the Dutch brewer, on April 27 and will be replaced by Robert Hazelhoff, 64, former chairman of ABN Amro. Heineken remains chairman of Heineken Holding, the majority shareholder in Heineken.

■ Peter N. Larson, 55, former chairman of tha worldwide consumer and personal care group at Johnson & Johnson, chief executive of Brunswick Corporation, a US multinational. He takes over from Jack F. Reichert, 64, who continues as chairman until he retires in October. Larson is expected to assume his role.

■ Jack C. K. So has replaced Hamish Mathers as chairman of Hong Kong's Mass Transit Railway Corporation. Mathers has moved to the UK as chief executive of London Continental Railways, which is bidding to build Britain's £2.7bn channel tunnel rail link.

■ John Ross, 53, treasurer of Deutsche Bank North America in New York, moves to Frankfurt in July as an assistant general manager responsihle for the treasury operations at group headquarters. Dr Klaus Kohler, 57, takes over as the bank's chief legal adviser in July on the retirement of Wilhelm Schlaus

■ Toru Hashimoto, president of Fuji Bank, takes over as bead of the Federation of Bankers Associations of Japan on April 25. He replaces Toshio Morikawa, president of Sumitomo Bank.

■ Germany's Hubertus W. Pieper, 50, previously chief executive of Citlhank insurance group Europe, has become the first non-Swiss to join the corporate executive committee of Switzerland's Baloise Insurance Group. He will be responsible for Germany, Austria and the USA.

■ Klaus Makosch senior vice president of Thyssen Steel's non-automotiva trading and distribution business in the US.

■ Stephen Rubin, president of Bertelsmann's Doubleday book operation, is moving to London to head the international division of Bantam Doubleday Dell Publishing Group.

■ John H. Duerden, executive vice president of Reebok International and joint president and chief operations officer of the Reebok division has resigned.

■ Stephen Brown, former chief executive of Tate & Lyle, chief executive and part owner of Mnelier Electric, a private company in Cleveland, Ohio.

■ Stephen Puente, vice president human resources at Kraft Foods, corporate vice president, human resources at Quaker State Corporation.

■ Albert Chaok, 44, head of banking anpervision at the Hong Kong Monetary Authority, has resigned in order to pursne family business interests in Malaysia.

■ Rod Thole, former chief operating officer of Crown Media in Dallas, Texas, director of cable operations at FOXTEL, a joint venture between News Corporation and Telstra Corporation to launch digital cable television in Australia.

■ Dr Hans-Georg Wöhrstein, Digital Equipment's director of systems integration for Germany, head of Sema Group'a German operations.

■ Helena Biström, vice president business control, senior vice president, corporate controller, of Metra Corporation, the Finnish industrial group. Sbe replaces Samuli Perttala who is leaving to start his own business.

■ John R. Lord, president of Carrier Corporation's North American Operations, president of Carrier Corporation succeeding William Frago, who has resigned.

■ Jim Ivy, formerly executive vice president of Ricoh's national marketing group, president and chief executive of Savin Corp, a wholly owned subsidiary of Ricoh Corp.

■ Pang Chung Min, previously head of Salomon Brothers' China investment banking business, country manager for the Bank of America in China.

■ Jan Liden, president of Swedbank's Sparbanken Finans, president of Spintab, Swedbank's mortgage institution from August.

■ Kim Lindstrom has resigned as managing director of Unitas's fund management company SYP Rahasto.

■ Wayne E. Lunt, currently chief financial officer of Alberta Natural Gas, becomes president and chief executive officer from May 9.

■ Birger Gneuss is appointed vice president, European Sales and field operations at Lam Research Corp.

■ Bruno Deschamps, 43, becomes chief executive of Henkel-Ecolab, a joint venture of Dusseldorf's Henkel and Ecolab of St Paul, Minnesota. He succeeds Ehrhart Schluter, Henkel-Ecolab's chief executive officer since its formation in 1991.

■ Andrew Montgomery, currently deputy managing director, has been appointed as European managing director of Oki Europe, and joins the board of the Oki Data Corporation. He replaces Yoshiyasu Somezawa, and is the first ever European to join any board of Oki. Sakae Sagane becomes deputy managing director of Oki Europe, whilst continuing his role as managing director of Oki Systems (France). At tha same time Naotake Nishihama joins Oki Europe as the deputy director responsible for finance, replacing Keiichi Fukumara, who will be returning to Oki in Japan.

■ J. Gabriel Irwin and Simon Wells are to head Prudential Mutual Fund Management's global fixed income group in London. They have worked together at Smith Barney Global Capital Management since 1987.

■ Klaus von Frieling, 40, the leading representative of Allied Irish Banks of Dublin for Continental Europe. He will be based in Frankfurt.

BUSINESS AND THE ENVIRONMENT

Push for supplier support

Britain's environmental technology industry is failing to compete in rapidly expanding international markets because of government failure to offer support and enforce legislation, according to a survey of the industry.

Many suppliers feel unable to compete with industry leaders in Germany, the US and Japan because of advantages there such as tax relief and research and developmeot funding.

More than half of the 84 companies responding to the survey complained about lack of enforcement of environmental regulations in the UK.

Adrian Wilkes, whose company conducted the survey for Environmental Technology 95 Exhibition, and also public affairs director of the Environmental Industries Commission, a lobbying group pushing for greater government support, says: "All three leading countries have much tighter legislative standards than the UK, especially in areas such as air and water pollution. Because this industry is so dependent on legislation, enforcement creates the market."

The survey showed growing enthusiasm for greater government support for R&D (94 per cent compared to 68 per cent last year). "In Japan where the industry is worth $24bn (£15bn) the government has a programme to provide $550m for R&D. The UK government launched a best practice programme of £16m over five years which provides for only £300,000 a year for R&D, the rest is for promotion," says Wilkes.

More than two-thirds of the companies earn less than 20 per ceot from exports in spite of markets overseas worth $95bn a year in western Europe and $134bn in the US, according to the Organisation for Ecooomic Co-operatioo and Development. The OECD predicts demand for waste management products and air pollution control equipment will grow by 50 per cent or more between 1990 and 2000.

Jane Martinson

Dismantling Germany's vast Greifswald nuclear power station has problems to match its size, says **Haig Simonian**

A monumental task

Where Hitler's scientists once tested their infamous V-rockets, the Communist rulers of the former German Democratic Republic built a bigger and costlier monument to totalitarianism.

The Greifswald nuclear power station stands within sight of the former rocket range at Peenemünde on the Baltic coast. But while the latter is a collection of bunkers capped by a small museum, the nuclear plant is a more daunting edifice.

Greifswald is one of the biggest nuclear power stations in the former Soviet bloc. Had all eight of its reactors been completed, it would have generated more than 3,500MW of electricity – enough to power a city with a population of 3.5m people.

Even with its five completed units (the sixth was about to be loaded with fuel on the brink of German reunification, while construction was well advanced on the seventh and eighth), Greifswald is a towering industrial monument.

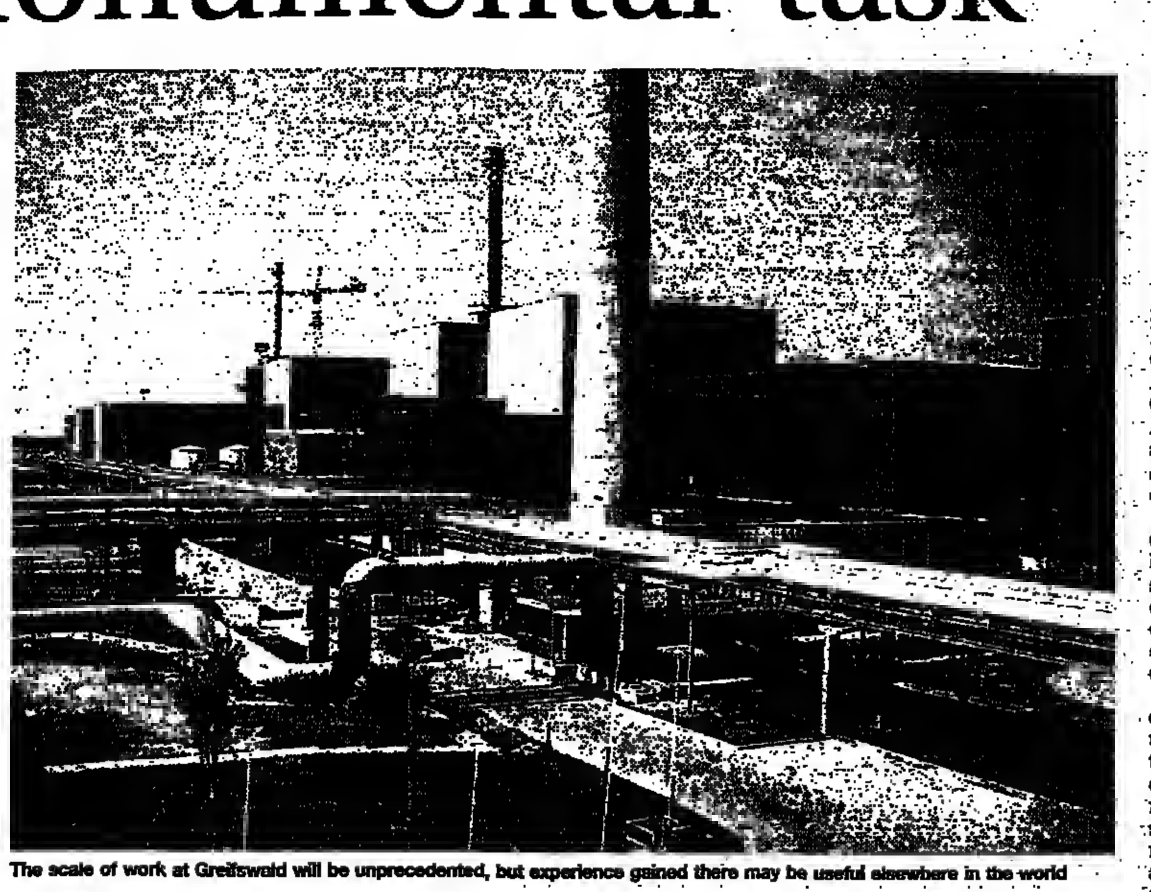
Its echoing turbine hall, packed with imposing Russian steam turbines, is 1.2km long. At its height, it employed about 6,000 people. During the peak expansion of the early 1980s, another 8,000 to 10,000 constructioo workers swelled their ranks.

Greifswald today is a far cry from such former glories. All the reactors are shut down and the turbines still. The workforce has been cut to 1,400.

Taken over by the Treuhand privatisatioo agency after reunification, Greifswald has failed to find a buyer. Germany's big electricity utilities shied away because of the immense cost of bringing it up to western safety standards without being sure of obtaining an operating licence. Attempts by managemeot to find outside investors failed on similar grounds.

Even a last-ditch stand to save the more modern second half of the facility (built in two distinct stages in the 1960s and the late 1970s) collapsed because industrial decline in the former GDR decimated electricity demand from the heavy industries Greifswald was built to supply.

But closure is only the beginning of Greifswald's latest saga. What once stood as a symbol of technological progress has become an embarrassmeot after the Bonn government's edict that it be dismantled on safety grounds and the site restored for other uses.



The scale of work at Greifswald will be unprecedented, but experience gained there may be useful elsewhere in the world

Prototype reactors and small nuclear installations have been decommissioned in the past. But the scale of the work at Greifswald will be unprecedented. The German government believes it will cost about DM5.4bn (£2.4bn) to restore the site. So Herculean is the task that it will take 15 years to complete.

Decommissioning could provide commercial opportunities. The early pioneers of nuclear power, such as Britain and the US, are grappling with the problem of what to do with their old reactors.

The questioo of how to deal with obsolete reactors is far more acute in Russia and eastern Europe. Although some former eastern-bloc countries, such as Slovakia, are inviting foreign capital and know-how to modernise their facilities, others may choose the German approach. The two distinct types of pressurised water reactors installed at Greifswald were built throughout the former USSR's region of influence: experience gained in decommissioning in Germany could be used commercially elsewhere.

The workers at Greifswald, who are supervising the facility and an adjacent fuel store, believe they can tackle the decommissioning alone.

Yet although many of the techniques have been used before, some aspects of the decommissioning process will pose a daunting task.

Preliminary work has started. Outhouses, workshops and scrap have been cleared. The focus has shifted to two parallel operations: removing fuel rods from the reactors, and starting to dismantle reactor six, which was never put into service. Fuel removal is routine, but very time-consuming. Even taking reactor six to pieces should pose no significant problems: although completed, it was never loaded with fuel, meaning it is not radioactive. Thus block six will form the test bed for the robotic engineering needed to dismantle the remaining reactors, all of which are radioactive.

Dietmar Brauer, an engineer on the site, says such technology is well-tested, although he admits it may need to be adapted for Greifswald. He is also confident that the know-how can be developed on-site and possibly applied commercially at other nuclear plants one day.

Others, however, do not share his confidence. Bernd Müller, a former plant director who was closely involved in the talks to keep Greifswald running, is more cynical.

Müller, who runs his own consulting and training company (see right) says: "They can't do it themselves". He argues that the technology could be too complicated. More importantly, he thinks those who believe Greifswald is poised for an industrial renaissance selling decommissioning skills are naive about business in the west.

He argues that the best bits of the contract are bound to go to a big west German engineering group, such as Siemens. It has more political clout in Bonn than the Greifswald workforce. Moreover, only a big company has the marketing contacts and network needed to export any know-how gained at the plant.

For in spite of investors' reluctance to buy Greifswald as a going concern, Müller thinks there should be plenty of interest in the decommissioning work.

"There's a lot of money to be made," he says. "The contract alone is worth a fortune. And that's excluding the value of the parts." What cannot be sold has considerable value as scrap, he believes.

Engineers learn how to cope in a crisis

The forces which dictated Greifswald's closure have turned Bernd Muller, a former manager at the plant, and his colleagues into entrepreneurs.

Müller is managing director of Consulting und Ausbildungszentrum Greifswald, an 18-member training and consulting concern which has risen out of the ashes of the plant.

CAG was created to teach engineers from Russia and the Ukraine how to run nuclear power stations. It uses the simulated control room built by the former east German government on the outskirts of the town of Greifswald.

The simulator replicates the real control room down to the last toggle. The difference, however, is that it is run by a computer which can mimic events from normal maintenance work, such as shutting down a turbine or reloading fuel rods, to crises, such as a loss of coolant or a Chernobyl-style melt-down.

Surprisingly, Russia and the Ukraine did not have their own simulators. By the end of this year, CAG will have trained about 200 technicians. All are already experienced. Müller says the usual candidate is a middle manager with a science degree and some years in the industry.

But although they are now holding down responsible jobs, such as shift leaders, they have never faced emergencies in such lifelike surroundings.

"The main problem is communication," explains Charles Lentes, the co-founder of CAG. "An engineer may detect a problem, but feel inhibited from taking action because of the hierarchy in Soviet-style management. Another may recognise a fault, but not take the initiative because it falls outside his formal area of responsibility."

Both men agree that such failings in communication are more worrying than technological weaknesses in Soviet reactors or the intellectual abilities of the staff themselves.

"The plants are usually well-built, while most of the staff have a very high standard of technical knowledge," says Müller. "The problem is that they don't always know how to apply their knowledge or think broadly enough." And matters are exacerbated by the fact that the Soviet automated process information and control technology is antiquated.

"Maintainance is the other problem," he says. "The plants are very robust. But spare parts are scarce. It's a credit to engineers' ingenuity they keep the reactors running.

"But that climate can also foster indifference. If a warning light blows, people can become lax about replacing it. That's fine as long as the light doesn't need to work. But in the event of an emergency, no one would know there was something wrong."

The course-work can be daunting for trainees, says Müller. A visit to a modern western nuclear power station is mandatory. Trainees are usually impressed, although they are critical of the emphasis on safety procedures as exaggerated.

The training is structured in modules. Some engineers have already attended three times, including refresher courses. Senior managers, who attend to approve the courses before sending their staff, have been impressed, and demand outstrips supply.

The problem is finance. Each course costs about DM40,000 (£18,000) a head. That is too expensive for Russia and the Ukraine, meaning the venture depends on German government and European Union sponsorship to survive. However, subsidies are limited. And Müller knows the Russians and Ukrainians will one day build their own simulators, driving CAG out of business.

Hence the need to develop consulting as the second string to the company's bow. But consultancy is still running a poor second to training in terms of revenue.

With potential unemployment staring them in the face, Müller and his colleagues (almost all of whom came from Greifswald) must make a success of their venture.

Haig Simonian

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ARTS

Television/**Christopher Dunkley**

Culture moves on cable

This Easter we have been watching Wagner operas on the Performance channel; kite flying in London on Channel One; and country music on CMTV. Without leaving the old green sofa in London we have been watching RAI Uno, one of Italy's main networks, and news about Russia in Russian and about France in Frencb on Euronews. We have seen people with the gift of the gab on QVC selling expensive dolls and ghastly jewellery to viewers who ring up the presenters and enthuse over the money they are spending.

After midnight we – well some of us, well one of us – has watched the astoundingly repetitive and unimaginative activities on The Adult Channel, where hunky chaps can be seen kissing the most intimate parts of the female actresses' anatomiea while the actresses, thanks to some sexist British law presumably, merely mime the return of the favour. Cable TV has come to our house.

It took some time. We saw the ducts being laid around Christmas and, in the week that the digging started, received a leaflet with a reply form for those wanting information. This was returned, yet we heard no more. We expected heavy sales patter once the system was in place. After all, we have often read that the take-up rate for cable (tbose choosing to buy once the cable passes their door) is much lower in Britain than in north America where so many of the cable companies originate. Of course, the off-air picture in Britain is almost universally good, whereas in north America it is often pretty poor, a major motive for taking the cable. But whatever the reason we expected a hard sell. Not at all. Silence.

In the end I telephoned the Cable Televisinn Association, found the name of the operator (Cable London) pboned them, asked for information and an application form, and was promised "A full pack". Nothing arrived. Then, in the second week of April we were leafleted again, promptly responded, and were told we could have the cable within the week. We did, and the installation was much less time consuming and complicated than that for the satellite dish.

But why take cable if you already have a dish? Cable delivers the satellite networks, the terrestrial networks, and the cable-only networks (plus telephone and radio services) and the signal quality should be ontstanding. Cable operators use bigger dishes than any normal honsebold can afford, and are far more demanding and more expert than most of us in maintaining good pictures and sound. Whatever new technologies come along, you should be able to add the new networks via the cable.

Early impressions of what you get? First, that instead of two channels on which to watch the Kit-e-Kat commercial, with Smith and Jones doing the cats' voices, we now have 42; the number of times that you happen upon a commercial when zapping through your new channels seems to play havoc with the law of averages.

Second, that some of us will never come to like saloon car racing or female body building, no matter how often they are shown, and they seem to shnw them awfully often; sport is clearly one of the staples nf non-terrestrial television. Third, that tha law of diminishing returns must surely have an effect as the number of networks showing movies keeps increasing; movies are another of the staples.

Fourth, that although there are foreign language channels – TVE from Spain, RTL from Germany, TV5 from France as well as RAI Uno – the cable is largely an English language system. This comes as a welcome change to those accustomed to zapping through the Astra satellite offerings which seem to be predominantly German.

However, the strongest early impression, and the most welcome, is of the high degree of professionalism involved. Obviously BBC1 or CNN will look as good, or better, coming off the cable as coming off air or direct from the satellite. But having heard about the methnds used, for instance, hy Channel One, the London station developed specifically for cable by Associated Newspapers, doubts did lurk. It seemed that their news teams had been slimmed down to single individuals. Where we used to see a cameraman and assistant, sound technician, prnducer, PA and reporter (and within the last decade I have come across crews bigger than that) Channel 1 was sending out lone reporters with video cameras. They had to get the story, set up the camera on a tripod, pusb the "On" button, nip round the front and deliver the goods – live into the programme if necessary, via a microwave link.

It sounded as though the results could be tacky, and maybe time will prove that this method does leave something to be desired, but the initial impression is that it works perfectly well. Even more striking, at least over the Easter weekend, has been the reversal of the suspicion that while the old terrestrial networks still cleave to some sort of ideal of public service hroadcasting, the new technologies represent a barely regulated commercial quagmire. On Good Friday which channel gave us an hour of operatic lollipops in *Viva La Diva* with Lesley Garrett flashing lots of leg from under a split skirt and singing the British Airways signature tune? Good old cultural BBC2. And where did you have to turn for *The Messiah*? Little tyro Channel One on the cable.

On Easter Day which one offered us *Placido Domingo – A Musical Life* that looked exactly like a 90-minute promo made under the editorial control of Domingo plc and, according to industry sources, came remarkably close to being precisely that, with its hagiographic comments from Zeffirelli, Tooley and Schlesinger? ITV is the answer. And which, at the same time, was reaching the climax of a full scale four and a half hour transmission of *Siegfried*? A cable network called Performance which most viewers will never even have heard of. What is more, when the Wagner finished at 11.30 Perfnrmance laid on half an hour of Bach to bring us down gently and send us to bed happy. True, Channel 4 had given us Alden's remarkahle *Tannhäuser* on the previous evening, but any idea that the terrestrial networks hold all the big cultural cards is obvinusly wrong.

The chief difficulty in watching more serious work of this sort on the cable is the paucity of listings. While I can tell you that today Performance is screening a full length *Don Carlo* starting at 7.00 I cannot tell you who is in it, nor whether it is a familiar video version, an obscure recording from somewhere east of Vienna, or – somewhat unlikely – a live relay from the Met. Perhaps proper billings will come in time, and perhaps the existing skeleton service on teletext will be fattened up.

Such aids are much needed because it is already clear that, as with all multi-channel systems, the chief difficulty with the cable is in being in the right place at the right time. It is far too easy to find yourself zapping through the networks in the anxious hope of not missing anything – only to find when you reach Number 42 that it is time to start zapping all over again . . .

A scene from David Alden's Tannhäuser on Channel 4 which was the terrestrial networks' most worthy contribution to seasonal Easter fare: The Messiah was shown on cable

Theatre/**Paul Driver**

Under Milk Wood takes to the stage

Tbe subtitle of Dylan Thomas's late great *Under Milk Wood* is a "play for voices", and ever since the work's first broadcast in 1954 – with a kaleidoscope of voices including Richard Burton's as chief narrator – it has been generally regarded as one of the defining radiophonic experiences of literature. Listening to it on a recording, you find, every time, that all you have to do is close your eyes and open your ears wide and that little Welsh seaside town of Llareggub materialises in amazingly intimate detail, a ripening reality, concrete yet magical. Can one ask more from art?

Director Roger Michell and designer William Dndley at the Royal National Theatre have asked this subtle art of vowel and consonant for much more. They wanted the work to be a robustly stageable affair, a sort of Welsh history play, an epic-domestic and delectable pageant, capable of filling the Olivier Theatre with action and audience. And, indeed, the first thing that popped into my head when the play began with Nicholas McGaughey as First Voice conjuring out of the nothing of the empty darkened stage that "moonless night in the small town, starless and bible-black" was the Chorus's prologue from *Henry V*, seeking to transpose the battle of Agincourt into "this wooden O".

Actually the stage – or at least the starless dome of the flies – was not quite empty. A 1930's wireless emitting speech takes centre stage just before Thomas's play begins; and dangling from on high is a profusion of white symbolic objects – beds, ships, nautical gear, a clock, a farm-horse. But the strong sense we have of Llareggub Hill, of the "salt slow musical wind in Coronation Street and Cockle Row", of "the sleep of birds in Milk Wood" is conveyed by the electric power of Thomas's language.

Soon the characters start floating impressively up and down through the air, as though in dreams, and the inner disc of the stage lifts, the onter one revolves, doors in the vaguely vegetal demi-cyclorama open and close, and an altogether accomplished paraphernalia of stage-tricks and stage-designs – a "rumpus of sbapes", to borrow a Thomas phrase – is presented to us; and all the while one may feel, as I did, that it is better just to close one's eyes and take a pure organic pleasure from the lines.

It is true that *Under Milk Wood* makes a far superior, more believable quasi-verse stage-play – the prose with its taut lyrical line and vibrant rhythms is ever trembling into verse – than most modern works explicitly conceived as such; and one appreciated the Alfred Wallis-style model village, the flying people, the nicely judged touches of surrealism of the staging, but wasn't it all perfectly unnecessary? At any rate, the cast (of 23) is strong, and especially in speech, though they always look their parts, which are usually double parts.

Denys Graham's poetasting Rev Eli Jenkins, Anthony O'Donnell's blind, nostalgic Captain Cat, Mark Lewis Jones's cheerfully alcoholic Cherry Owen, Sara McGaughey's blond, libidinous Polly Garter are just a few of the vividly sketched roles. Polly it is who seems to epitomise Thomas's hard but glowing vision when she remarks, "Oh isn't life a terrible thing, thank God?"

***Under Milk Wood* at the Olivier Theatre is supported by a private contributor of the Royal National Theatre.**

Anthony O'Donnell as the blind Captain Cat

Alastair Muir

Concerts/**Antony Bye**

Nyman celebration on the South Bank

A cult crossover following and a well-oiled publicity machine ensured that for once at least the coffers of the South Bank Centre were full to overflowing (or should have been if normal commercial criteria were in force and ticket prices had been raised to reflect the demand).

The event was "Nyman on the South Bank: A Celebration of the Music of Michael Nyman" which began with an all-night marathon of films (including three by Peter Greenaway) for which be had provided the music and continned with two full-blown concerts in which Nyman's aggressive brand of minimalist kitscb was unleashed to a capacity audience of adoring devotees and more sceptical music critics.

For Michael Nyman one feels little sense nf composition as a vocatinn; it is just another missile in the complete musician's armoury, which in Nyman's case has involved a spell as a music critic on the Spectator, the New Statesman and the *Listener*, work as a musicologist (his edition of Purcell's bawdy catches bas recently been reissued) and chronicling the experimental music scene (his 1971 book *Experimental Music* is the classic work on the subject). Music is a commodity, like any other, and if yon can sell it to enough people, then it has served its purpose.

In many ways Nyman is a typical product of our pre-millennium, *fin-de-siècle* culture, unsure of its social function and susceptible to a bewildering array of fads and fashions. On the nne hand, its overt fusion of pop music techniqnes, minimalist processes and classical allusions makes its contrived, commercially driven nature readily apparent. On the other, we are made acutely aware, mainly through the composer's over-erudite programme notes, of the immense care that has been lavished on the music's construction, even if its nagging, pulsating surfaces largely conceal tbis.

Take The Piano Concerto, for instance, heroically delivered by the Philharmonia and Kathryn Stott last Thursday. Deriving its material from Nyman's soundtrack to Jane Campian's film *The Piano*, it takes the conventional gestures of tbe Romantic piano concerto and strings them together as an inconsequential succession of three-minute sound-bites, mnmentary sensations without any of the cumulative logic or tension found in the great Romantic examples of the genre. The familiar rhetoric remains intact, its *raison d'être* disconcertingly absent.

His apologists would nn doubt claim Nyman as a cutting-edge post-modernist, knowingly subverting the traditinnal genre and exposing the hollowness within; bnt what is the difference between artful deconstruction and bad pastiche?

And what if the pastiche is more overt as in the works palyed by the Michael Nyman Band on Saturday? Music can be made np of anything, Nyman seems to be saying. He may be right up to a point; mastery and originality lie not so mnch in the material selected as in the context in which it is placed.

The material of *In Re Don Giovanni* is unmistakably Mozart, but torn asunder and harnessed to Nyman's ends, endlessly repeated and amplified into ugly, rancous shrillness, it becomes as banal as the ends to which it is put, as dangerously insidions as any "controlled substance", lulling listeners into dependence and a craving for more. Can this be just cause for "celebration"?

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERTS
Het Concertgebouw Tel: (020) 671 8345
● Royal Concertgebouw Orchestra: with soloist Natalia Gutman. Evgeny Svetlanov conducts Shostakovich and Tchaikovsky; 8.15pm; Apr 20, 21

■ BERLIN

CONCERTS
Deutsche Oper Tel: (030) 34384-01
● Gala Concert: with Lucia Aliberti, Alfredo Kraus and the choir and orchestra of the Deutsche Oper Berlin. Marcello Viotti conducts a variety of operatic pieces; 7.30pm; Apr 25
GALLERIES
Altes Museum Tel: (030) 203 55 0
● Munch and Germany: exhibition of early works by Norwegian artist Edvard Munch and German artists that were influenced by him; to Apr 23
OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● Carmen, Flamenco: guest performance by the Ballet Teatro Espanol di Rafael Aguilar; 8pm; Apr 19, 20, 21, 22
● Lohengrin: by Wagner. Conducted by Hollreiser/Thielemann, produced by Götz Frederich; 6pm; Apr 23

■ LONDON

CONCERTS
Barbican Tel: (0171) 638 8891
● The orchestra of the Royal Opera House: with soprano Angela Gheorghiu. Christian Thielemann conducts Wagner, Mozart and Strauss; 7.30pm; Apr 24
Queen Elizabeth Hall Tel: (0171) 928 8800
● The London Philharmonic: with the Hilliard Ensemble and the London Philharmonic Choir. Roger Norrington conducts Pärt; 7.30pm; Apr 23
Royal Festival Hall Tel: (0171) 928 8800
● Lazar Berman: pianist plays Beethoven, Chopin, Janáček and Liszt; 3.45pm; Apr 23
● Royal Philharmonic Orchestra: Yuri Temirkanov conducts Shostakovich's "Symphony No.1" and Tchaikovsky'a "Symphony No.53"; 7.30pm; Apr 22
● Yakov Kreizberg: conducts the Bournemouth Symphony Orchestra and pianist John Lill to play Debussy, Stravinsky, Krenek and Beethoven; 7.30pm; Apr 20
GALLERIES
British Museum Tel: (0171) 636 1555
● Byzantium: treasures of Byzantine art and culture from British collections; to Apr 23
Hayward Tel: (0171) 261 0127
● Yves Klein: more than 110 works conveying the full range of his output from paintings and sculpture to installations, events, architectural schemes to stage and film scenarios; to Apr 23
Whitechapel Gallery Tel: (0171) 522 7888
● Kika Smith: works from the past three years by the artist; to Apr 23
● New Art from Cuba: works by contemporary artists from Cuba; to Apr 23
OPERA/BALLET
English National Opera Tel: (0171) 632 8300
● Don Giovanni: a new production of Mozart's opera. House debuts for director Guy Joosten and conductor Markus Stenz; 7pm; Apr 20, 22
Royal Opera House Tel: (0171) 304 4000
● Peter Grimes: by Britten. Directed by Elijah Moshinsky and conducted by Edward Downes; 7.30pm; Apr 19, 22
● The Prince of the Pagodas: by Britten. A Royal Ballet production choreographed by Kenneth MacMillan opens a Benjamin Britten "mini festival" at the Royal Opera; 7.30pm; Apr 20
THEATRE
Cockpit Tel: (0171) 402 5081
● The Yiddish Trojan Women: by Carole Braverman, directed by Hettie Macdonald. Comedy involving four American Jewish women; 8pm; to Apr 23 (Not Sun)

■ NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● Briggite Fassbaender: mezzo-soprano with pianist Jean-Yves Thibaudet plays Mahler, Reimann, Liszt, Mihaud and Weill; 8pm; Apr 23 (2.30pm)
● New York Philharmonic: with conductor/harpsichordist Leonard Slatkin and mezzo-soprano Frederica von Stade plays Poulenc, Debussy, Argento and Copland; 8pm; Apr 20, 21 (2.30pm)
Carnegie Hall Tel: (212) 247 7800
● London Symphony Orchestra: with violinist Anne-Sophie Mutter and soprann Laura Aikin. Pierre Boulez conducts Ravel, Webern, Berg and Boulez; 8pm; Apr 22
● London Symphony Orchestra: with soprano Maria Ewing. Pierre Boulez conducts Boulez, Messiaen and Stravinsky; 3pm; Apr 23
● San Francisco Symphony Orchestra: Herbert Blomstedt conducts Nielsen, Sibelius and Strauss; 8pm; Apr 19
● San Francisco Symphony Orchestra: with pianist Peter Serkin. Herbert Blomstedt conducts Beethoven and Schubert; 8pm; Apr 20
GALLERIES
Guggenheim Soho Tel: (212) 423 3652
● Antoni Tapies: 55 of the Spanish artist's most important works dating from 1948 to 1991; to Apr 23
Metropolitan
● Nadar: the first major survey of photographs by Félix Tournachon Nadar (1820-1910), the celebrated portraitist of mid–19th century Paris. The axhibition comprises of approximately 100 vintage prints; to Jul 9
Museum of Modern Art Tel: (212) 708 9480
● Kandinsky: Compositions: exhibition featuring approximately 40 works including seven of the surviving "Composition" paintings; to Apr 25
OPERA/BALLET
Metropolitan Tel: (212) 362 6000
● Parsifal: by Wagner. Produced by Otto Schenk, conducted by James Levine; 6.45pm; Apr 19, 22 (12.00pm)
● The Ghosts of Versailles: by Corigliano. Produced by Colin Graham, conducted by James Levine; 8pm; Apr 21

■ PARIS

CONCERTS
***Châtelet** Tel: (1) 40 28 28 40*
● Orchestra of the Deutsche Oper Berlin: with pianist Elena Bashkirova, soprano Alessandra Marc and mezzo-soprano Uta Priew. Daniel Barenboim conducts Beethoven'a "9th Symphony"; 8pm; Apr 21
Champs Elysées Tel: (1) 49 52 50 50
● National Orchestra of France: with violinist Sarah Chang and conductor Charles Dutoit plays Ravel, Lalo and Stravinsky; 8.30pm; Apr 20
Salle Pleyel Tel: (1) 45 63 88 73
● Radio France Philharmonic Orchestra: with soprano Birgit Remmert, and bass Bryn Terfel. Richard Hickox conducts Mendelssohn; 8.30pm; Apr 21
GALLERIES
Centre Georges Pompidou Tel: (1) 42 77 12 33
● Constantin Brancusi: first French retrospective of the Romanian born sculptor and painter who spent 50 years in France. The show offers a chronological and thematic look at 103 sculptures, 38 drawings and 55 photographs; to Aug 21
OPERA/BALLET
Opéra National de Paris, Bastille Tel: (1) 47 42 57 50
● Iphigénie en Tauride: by Gluck. Conducted by Graeme Jenkins, produced by Achim Freyer. Soloists include Carol Vaness, Anthony Michaels-Moore and Keith Lewis; 7.30pm; Apr 20, 21, 24
● Lucia di Lammermoor: by Donizetti. A new production by Andrei Serban. Maurizin Benini and Roberto Abbado (from April) conduct the orchestra and chorue of the Paris National Opera; 7.30pm; Apr 20
THEATRE
Petit Odéon Tel: (1) 44 412 36 36
● Cat and Mnuse (Sheep): written and directed by Gregory Motton, a satirical look at present–day England. The first in a season of plays in English; 6.30pm; to Apr 23

■ WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● National Symphony Orchestra: with conductor/violinist Iona Brown plays Mozart, Bach, Barber and Handel; 8.30pm; Apr 20, 21, 22, 25 (7pm)
● St. Luke's Orchestra: with pianist Elizabeth Mann. André Previn conducts Prokofiev, Mozart and Beethoven; 3pm; Apr 23
GALLERIES
National Gallery Tel: (202) 737 4215
● The Glory of Venice: exhibition presented by the National Gallery of Art and the Royal Academy of Arts, London containing works by 18th century Venetian artists; to Apr 23

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHZ (463m)

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)
MONDAY TO FRIDAY

NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 14.00 of European business and the financial markets

17.30
Financial Times Business Tonight

Midnight
Financial Times Business Tonight

Edward Mortimer

Turkey's next republic

Seventy years after Atatürk, a new kind of modernisation is needed

By tonight, Turkish troops will have been in northern Iraq for a full mnnth. How much longer will they stay? Tansu Çiller, the Turkish prime minister, said on Monday they would pull out "in the coming weeks", but she may get a frosty reception if she cannot give a more precise answer when she sees US president Bill Clinton today. The US has been much more supportive of Turkey than most European governments, but is still anxious to see the troops leave as soon as possible.

Inside Turkey, by contrast, the operation has been wildly popular. Indeed, some think its true purpose must have been to restore tbe government's popularity, distracting attention from the anniversary of last year's economic stabilisation programme, which would otherwise have yielded a rich crop of derisive beadlines.

How, the Turks ask, could any country fail to react wheo terrorism against it is carried on from bases in a neighbouring country, in an area over which the governmeot of that country has oo control? That is a fair question. The power vacuum in northern Iraq is a real problem, for whicb tbe western countries that briefly occupied the area in 1991 should take responsibility.

They left it in the hands of two Iraqi Kurdish parties, and have kept their airforces overhead to warn president Saddam Hussein against any attempt to reoccupy it. But they have also kept it under United Natioos sanctions, to show that it is still part of Iraq, and have refused eveo to help the Kurds set up a regular police force, lest that be seen as the first step towards a separate state. Tbe Kurds have tried to maintain a semblance of order by brutal metbods – chillingly documented by Amnesty Internatiooal – but have ended up figbting each other. It is hardly surprising that the northern frontier has not been properly policed.

The only loog-term solution, as Strobe Talbott, US deputy secretary of state, said in Ankara last week, is a new government in Baghdad, representing the wbole Iraqi people and maintaining peaceful relations witb all its neighbours. Happily that is ooe point the two Kurdish parties agree on: they are co-operating witb Arab Iraqis in the Iraqi National Congress, which has set up its temporary headquarters in their area, and has won support from Kurds for its attempts to keep the peace between their rival leaders.

The short-term solution, as Talbott also said, is for the border to be controlled by the Iraqi Kurds. That means allowing Kurdish villagers to return to the border area from which tbey were forcibly evacuated by Saddam in the 1970s and

It is hardly surprising that the northern frontier has not been properly policed

1980s. It also means reconciling the Kurdish parties and establishing an integrated police force. This force sbould be under INC command, belped by expert advisers and trainers – perbaps from Britain, which has experience of police training in many parts of the world.

No one should imagine, bowever, that policing the Iraqi frootier is more than a tiny part of the solution to Turkey's Kurdish problem. That problem is essentially a domestic one. Attempting to solve it by military means, Turkey has burnt bundreds of villages, killed thousands of its own citizens, and imprisoned and tortured many thousands more.

The government no longer denies the existence of Kurds in Turkey. But it still denies them any collective expression of tbeir identity, whether through education, broadcasting, or political parties. It claims there is a "soutbeastern problem", related to the economic and social backwardness of that part of the country, rather than a "Kurdish problem", related to the ethnic identity of the predominant group there. It points out, correctly, that there are now more Kurds in western Turkey than in the region which it refuses to call Kurdistan.

But Kurds do not necessarily feel less Kurdish in Istanbul than they do in a mountain village. The government is right to say that separatism offers no solution, but it drives Kurds towards that non-solution by cootinuing to insist on the ethnic Turkish character of the state, and by banning any institutional expression of other ethnic identities.

Cem Boyner, a 40-year-old textile magnate turned politician, is trying to break with that logic. His New Democracy party advocates cntting the state down to size: not only selling off the bloated public sector but leaving sucb issues as ethnic identity, religion and even education to be decided by individual preferences rather than ministerial fiat. Boyner calls for an end to the state funding of religion, and to compulsory religious education. He thinks the army should be at the service of the state, instead of being asked to share responsibility for political decisions.

In short, he is taking on all Turkey's vested interests and sacred cows at once. Seventy years ago, Atatürk modernised the legacy of tbe Ottoman empire, creating a fiercely nationalist, authoritarian state in whicb the military played a leading role. Formal democracy from 1950 onwards, interrupted by three military coups, did little to change the essence of this state or to undermine its iron grip on civil society. But economic and social changes in the past 15 years bave done much more – the latest and perhaps most significant being the advent of satellite television and private radio. Boyner is no Berlusconi: he has no media outlets of his own. But the sheer multiplicity of TV and radio channels, and the fierce competition between them, give him an opportunity he is determined to grasp.

Boyner is convinced the present system cannot last. "If tbere is not a fundamental reform, there will be a fundamentalist one," he warns. Now guess whicb Turkey's European friends would prefer.

Youth unrest is challenging the stability of Gulf monarchies, writes **our Middle East staff**

Traditions built on shifting sands

Last year at a conference in Europe, a senior Bahraini cabinet minister was extolling the virtues of his island state as a tourist destination. At the end of his talk a member of the audience interjected: "How can you possibly recommend Bahrain as a boliday resort when we hear so many stories of instability in your country?" "What do you mean 'instability'?" the minister replied in mock seriousness. "I have been in the same job nearly 25 years; name a European country which can claim that much stability!" The audience laughed.

The minister had the wit to dance around the question, but the challenges confronting the Gulf's monarchies have not gone away. One of their most pressing problems is the continuing unrest among young citizens of Bahrain, Oman, and Saudi Arabia.

Some 2,000 people, including two Omani junior ministers, have been arrested in the three countries in the last nine months for sedition, public violence and unauthorised gatherings. In Bahrain in March, a policeman died wben attackers threw a petrol bomb at a police car, and in separate incidents students ransacked eight state schools. Three people have been killed and dozens injured in the Bahraini unrest.

Western statements of concern about stability in the Gulf have become almost routine. The Gulf monarchs collectively own 45 per cent of the world's proven oil reserves – the Middle East as a whole including Iran and Iraq bas some 65 per cent of the total – and the West is dependent on ecooomic and political stability in the Gulf to ensure that the oil keeps flowing. For the time being the Gulf monarchies may be as stable as the Bahraini minister claimed; but the stability has a brittle quality.

Even more serious than the unrest itself is the failure of the tribal ruling families which govern the six countries of the Gulf Co-operation Council (GCC) – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates – even to try to comprehend wby unrest is festering; let alone start addressing tbe underlying problems.

Such problems include unemployment, anger at tbe extravagant lifestyles of Gulf princes, and – in Bahrain – reseotment among the majority Shia Moslems about their Sunni ruling family.

Sheikh Khalifa bin Sulman al-Khalifa, Bahrain's prime minister, has dismissed the unrest as the work of "foreign forces". Neither he nor his peers in Oman and Saudi Arabia have acknowledged what many officials and senior businessmen have long been saying in private: that purely domestic issues are the cause of the violence.

Over the past 25 years, the political, economic, and social complexion of the entire Middle East has changed beyond recognition. The tangible results of oil money are everywhere visible, from petrochemical plants to new roads, offices and homes and computerised commercial banks. But the attitudes of Gulf rulers and their administrative structures have remained the same. Government is rooted in tribal politics, and the decision-making machinery remains rigidly hierarchical.

Gulf rulers continue to fill key government posts with family members. They are there because of who they are and what they represent: stability, tradition, and a sort of legitimacy; and, in spite of their woeful inability to communicate effectively with their people, they retain a large measure of national public acceptance.

However, many commoners in important public sector jobs have better brains, administrative training, drive and vision. What they lack is authority, because this prerogative continues to lie, not with cabinet ministers or heads of important-sounding institutions, but with members of the tribal ruling families. Royal blood – or good contacts with someone in the royal family – are more important assets than professional qualifications.

Almost half of today's GCC cabinet ministers have held the same job for 20 years or more. Many of them were in their ministries before most of their own people were born. Continuity is one thing; longevity of record-breaking proportions is an altogether different affair. "There is no finer breeding-ground for complacency, inertia, staleness, and rigid conformity," says one senior Gulf official.

Nothing could be more discouraging for young Gulf nationals eager to contribute to their country's welfare. Acceptance of the old hierarcby is the antithesis of the intellectual curiosity that modern education in GCC schools is supposed to provide, and it makes nonsense of the skills developed, often overseas, by Gulf graduates.

For the past two decades rulers have kept their people content by splashing out oil revenues on free and lavish welfare programmes, and creating job opportunities in economies that were expanding. In return nationals did not question the way countries were being managed or how national oil revenues were spent.

That era is now over. Oil prices, on which Gulf rulers still depend to an alarming degree for annual budget revenues, are flat and likely to remain so, but young and old have become addicted to comfortable – and unsustainable – lifestyles. Very few fiscal policies are in place to pay for wages, subsidies, public services, and current expenditure on defence and internal security.

There are few non-oil industries of any scale, and fewer still which are not merely import-substitution industries. At the same time Gulf governments are expressing doubts about the viability of privatisation – a popular idea last year but new regarded with wariness by ruling families. They fear that unemployment will rise and that transferring wealth and responsibility to the private sector would leave them as mere managers, rather than masters, of their own economies.

So far not enough nationals have been prepared to take "second-class" desk or manual jobs in the private sector to alleviate the prospect of rising graduate unemployment. Half of the GCC's national populations is now under the age of 25. In Oman more than half is under the age of 15.

The reluctance of nationals to take many jobs deemed unworthy means continuing over-dependence on expatriates for all manner of services from military defence to manual labour and domestic service. In Kuwait, domestic servants and nannies, most from Sri Lanka, India, and the Philippines, make up the single largest element in the expatriate labour force. Senior officials in all GCC countries habitually bemoan their presence and their bad influence on Gulf children; but nationals at all levels continue to employ them.

The most recent UAE population census showed a national population down to 8 per cent of the total 2m. Yet estimates made by Emirates University at Al-Ain have suggested that continued economic growth would entail a still greater dependence on expatriate labour.

In the defence sector, the mutual suspicion among Gulf rulers stemming from ancient tribal rivalries is the despair of US and British governments trying to urge GCC states to work more closely together.

The biggest problems, however, remain the reluctance of the ruling families to communicate with, instead of merely lecturing, their own people; and to modernise government machinery better to manage the changes that are being forced on them as Arabia moves into the 21st century.

The importance of oil

1993	Oil exports (inc products) $bn	Oil exports (inc products) % of total exports	Share of total government revenue (%)
Saudi Arabia	38.6	88	80
UAE	16.5	75	83
Kuwait	10.0	95	90
Oman	4.3	80	75
Qatar	2.3	72	84
Bahrain	2.5	66	62

Source: Dresdner Bank, FT estimates

Behind Bahrain's façade of stability, there is a brittle quality

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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to 'fine'). Translation may be available for letters written in the main international languages.

EU law limits corporate freedom of choice

From Mrs Susan Singleton.

Sir, "It is entirely up to us to carry what we want to carry on our ferries," P&O is quoted as saying ("Live exports promise summer of discontent", April 13).

Would this were so for dominant companies. Any company in a dominant position in the EU refusing to supply goods or services without objectively justifiable reasons, or on a discriminatory basis, may breach EU law contained in Article 86 of the Treaty of Rome. There have been many EU cases confirming this, including where access is not given to an "essential facility" such as a port.

The ferry companies would do well to consider their position, given the rights of the European Commission to fine companies up to 10 per cent of turnover for breach of Article 86 and the rights of those damaged through sucb abusive conduct to sue for damages in the national courts.

Second, if the ferry companies have reached an agreement with each other or are engaging in a concerted practice not to carry live animals, then they will have entered into an anti-competitive agreement contrary to Article 85 of the Treaty of Rome. Similar fines can be levied and rights to claim damages exist.

On April 6 tbe European Court of Justice held that a refusal to license copyright by a dominant company to a third party which prevents the emergence of a new product for which thara is consumer demand was an abuse of a dominant position (*RTE & ITP v. Commission*). Dominant companies need to monitor closely all refusals to supply goods and services or to grant licences to ensure they act within the EU competition rules.

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Culinary decider

From Mr Robert Mabro.

Sir, So far nobody seems to have considered the gastronomic argument in the Canadian/Spanisb fishing dispute. Whenever has anybody eaten a good fisb dish (other than salmoo and trout, which are not part of the dispute) in Canada? Whenever has anybody not enjoyed lovely fish (other than salmon and trout, which are not part of the dispute) in Spain? Leaving politics, jingoism and other such considerations aside, surely the fish should belong to those who know how to cook it and enjoy it. I rest my case.

Robert Mabro,
fellow,
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Standards rules

From Liesel Knorr.

Sir, In "Accounting rules" (March 29), Lex stated that International Accounting Standards Committee standards are so far not recognised by many leading stock excbanges, including New York and London. As set out in section 3.3 (c) of the listing rules of the London Stock Exchange, audited accounts prepared in accordance with the applicant's national law and, in all material respects, with international accounting standards, are accepted.

Liesel Knorr,
acting secretary general,
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167 Fleet Street,
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Okinawa not victim of Japanese neglect

From Mr Kazuo Chiba.

Sir, Your articles on Okinawa prefecture ("Okinawans seek an end to US 'occupation'", Marcb 27, and "The island that saved Japan's emperor", April 1) are correct in pointing out the grievous suffering and long-lasting pernicious effects of the fighting at the end of the second world war on the inhabitants, as well as the iniquities of the pre-war Japanese authorities.

However, I cannot agree with your correspondent's characterisation of the US military presence as a continuation of the arbitrary wartime occupation and of the attitude of the government of Japan as one of continuing callous neglect of Okinawa and its people.

US military facilities in Okinawa are governed by agreed common rules as in the rest of Japan; infractions of the law are dealt with uniformly.

The heavy concentration of facilities there, a grim result of historical fact (and not of government wilfulness) has, since Okinawa was returned in 1974, been addressed constantly by the government in co-operation with Okinawan leaders and with prefectural authorities, not solely, as alleged, due to pressure by the latter.

The Okinawa economy suffers from declining traditional agriculture and from being poorly located for manufacturing. Even speedy dissolution of all bases would not, as cited, result in dramatic development of the economy.

Extensive government resources bave vastly improved infrastructure, contributing to the long-term prospect of an already viable tourist industry.

The government does not, as the article states, regard Okinawans as "vassals" who were "executed for speaking in local dialects" but as compatriots who have suffered enormously and must still be helped a half-century after the end of hostilities.

The loss, during the war, of a large number of irreplaceable and ill-affordable first-class troops and air and naval units, committed to Okinawa as an integral part of the final phase of the defence of Japan, triggered redoubled efforts for the last fight, not relief that the sacrifice of Okinawa had "prevented the invasion of Japan".

Young Okinawan men and women who fell so tragically were, to believe many contemporary accounta, generally fired by a common patriotism. Their sacrifice is today seen in many lights, both negative and positive.

Defeat, disillusion, post-war hardship and separation under US administration from the mainland, as well as the spread of democracy, have in many cases resulted in political attitudes such as those professed by the governor of Okinawa and a socialist assemblyman, though there are numerous other views which were not cited in the article.

Such attitudes parsiat strongly, bnt, with generational change and the advent of tbe post-Cold war era, it seems that they are gradually being replaced in the long run by a common Japanese demand for greater deregulation from Tokyo and greater local decision making.

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Few UK companies train international managers

From Dr Elisabeth Marx.

Sir, UK companies are fully aware of the need to discover and develop their "cross-cultural" employees in order to have a competitive edge in a global market ("Cultural exchanges – Roving executives with truly transportable skills are in short supply", April 5). Yet, as the results of our recent survey on international management show, few companies actually do something about it.

Our survey of 92 internationally operating companies in the UK showed that only 20 per cent have a clear set of criteria or competencies for international managers. Even fewer look at an employee's cultural sensitivity and adaptability for international assignments. Cross-cultural training to prepare international managers is used by less than half of the companies. The findings demonstrate a pressing need for more stringent selection, training and development of international managers.

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FINANCIAL TIMES
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Wednesday April 19 1995

A developing prospect

The World Bank's latest yearly survey of global economic prospects, published yesterday, paints an optimistic picture of global growth in output and living standards over the coming years. Recent events in Mexico tarnish the immediate outlook. Yet the greatest danger on the road to faster global integration will not be the odd, inevitable, crisis on the recent Mexican lines, but the emergence of a persistently excluded hard core of regions falling further behind.

By and large, the past few years provide good cause for the report's underlying optimism. For the first time in recent memory, a recession in industrialised countries in 1991-93 did not bring the rest of the world economy down with it. World trade volumes grew at about 4 per cent a year, with the developing world the "engine" of rich country growth. Exports to developing countries accounted for *nearly three-quarters of the* rise in world exports during the period.

Other things being equal, implementation of the reforms agreed in the Uruguay round of the General Agreement on Tariffs and Trade should allow trade in goods and services to expand further in years ahead. Other structural developments – such as falling communications costs – will also continue to favour wider and deeper global economic integration.

Investors recoil

As the report admits, other things are not equal. The expansion of developing world net capital inflows – which quadrupled between 1990 and 1993 – slowed somewhat last year on the back of rising US interest rates, and is likely to fall further over the next year or so, as investors recoil from the prospect of financial disasters, such as that in Mexico. Fear of such crises may likewise inhibit individual developing countries from the liberalisation that has played a large part in recent global integration.

Neither investors nor poor country governments could now be forgiven for ignoring the risks attendant upon entering the world's emerging markets. But there is little danger that Mexico heralds a string of similar disasters elsewhere. The list of countries vulnerable to a similar collapse in confidence is relatively short, for two reasons.

The first is that the majority of emerging markets – particularly in East Asia – can boast better fundamentals than Mexico, including higher savings rates and more stable macroeconomic policies. These have ensured that foreign injections have fed into investment rather than consumption.

The second, unhappier, reason for equanimity is that only a few of the world's developing countries have "emerged" enough to be in a position to submerge. The majority of private capital flows into developing countries has gone to a handful of countries. Mexico alone accounted for about one quarter of all developing country portfolio inflows in 1993.

Region passed by

Private capital inflows to sub-Saharan Africa came to less than 1½ per cent of the developing country total in 1993. Greater worldwide trade integration has likewise passed the region by: trade now makes a smaller contribution to sub-Saharan African GDP than 30 years ago. The report's authors *estimate* that sub-Saharan African countries as a whole will achieve 0.9 per cent growth in income per head, on average, over the next 10 years: less than a third of the rate forecast for developing countries as a whole.

This meagre rate of progress would improve on – but fail to offset – the 15 per cent decline in regional per capita incomes of the past 10 years. To judge by past experience, however, even the World Bank's sober prediction will prove over-optimistic, not least because it assumes high commodity prices and a faster rate of rich country debt relief.

Policymakers look set to spend much time debating what has been learned from the Mexico crisis, and how that knowledge should be applied. Yet a more important – and more difficult – challenge is too often neglected, even by the World Bank. This is to ensure that a much larger number of countries even have the opportunity to face problems similar to those of Mexico today, in the years to come.

Redesigning regulation

In the growing debate over how the UK's privatised utilities should best be regulated, the regulators themselves are making much of the running. That is itself a symptom of one of the problems: the uncertainty about the different roles of regulators and government in determining the industries' futures.

However, the recent suggestions from Ms Clare Spottiswoode, the gas regulator, on reforming the present regulatory regime, are mostly sensible. If anything, they do not go far enough in addressing the undeniable problems. Among these are wider confusions about the purpose of competition policy, which an imminent report from the House of Commons industry committee is expected to tackle.

Concerns have been growing that regulation of privatised utilities is not tight enough, that the regulators have too much discretion over very complex technical decisions, and that they are vulnerable to political pressure. These were exacerbated by the unexpected decision last month of Prof Stephen Littlechild, the electricity regulator, to reassess last summer's price review. There have also been calls from companies and politicians for regulators to be more "accountable".

Ms Spottiswoode rightly recommends that regulators adopt a panel of advisers. At present, they can summon any experts they wish. But formalising the arrangement would allow the regulators to debate intricate points of policy confidentially and would help diffuse personalised attacks on the solitary figure of the regulator. This would be a welcome step towards the robust independence of US regulatory commissions.

Important plank

She also suggests that a House of Commons committee have powers to grill regulators on the reasons for their decisions. At present, questions about the utilities and regulation arise erratically through the industry or environment committees. The risk of creating a special utilities committee is that it would expose the regulators to pressure from politicians. However, given that the committee would have no powers to enforce its conclusions on the regulators, the risk seems small when set beside the improvement it would bring to public understanding of regulators' decisions.

Third, and most importantly, Ms Spottiswoode suggests that the procedure for appealing against regulators' decisions needs to be broadened. Of all her suggestions, this is the least attractive; indeed, it could severely damage the regulatory framework.

Tricky case

At the moment, a regulated company is allowed to appeal to the Monopolies and Mergers Commission if it considers a ruling to be too tough. (The regulator can also take issues of particular complexity or public interest to the MMC.) The ability to refer troublesome questions to the MMC is an important plank in the present regulatory regime; indeed, it is arguable that companies and regulators could have made more vigorous use of this facility. The imminent debate about the future of the UK's competition authorities should recognise the importance of their role in the particularly tricky case of the privatised utilities.

However, Ms Spottiswoode is on shaky ground in asking whether the government should also have the right to lodge appeals against regulatory decisions with the MMC. She suggests that this would provide "balance", allowing formal criticism that the regulator was too lenient. But allowing the government to appeal would increase the risk of political interference, undermine the regulator's authority and generate a two-tier, cumbersome regulatory process. After all, if the government does not like regulatory judgments it can always refuse to reappoint the regulator at the end of the term of office.

Similar arguments apply to suggestions (not from Ms Spottiswoode) that consumer groups should also have a right of appeal. There is a risk that they would see this as a "no-lose" tactic and would challenge every ruling, entirely stalling the regulatory process.

The present system has worked reasonably well, so far. It has virtues of speed and considerable political independence. These should not be sacrificed in the pressing search for ways to strengthen its independence and improve its transparency.

Delayed departure to a different world

Airbus Industrie has come a long way but restructuring the consortium will be a slow process, says Michael Skapinker

March was a record month for Airbus Industrie, the world's largest aircraft manufacturer after Boeing of the US. The European consortium delivered 23 aircraft to customers last month, the highest monthly delivery since it was founded in 1970.

The figure shows how far Airbus has come since its early days when few held out much hope for its survival – in 1976, for example, the consortium did not sell a single aircraft. Airbus has taken a growing proportion of the market, pushing McDonnell Douglas of the US into a distant third place. Last year, Airbus won more orders than Boeing for the first time. Measured by aircraft deliveries rather than orders, Airbus holds about 30 per cent of the world market.

The bright, modern Airbus headquarter buildings in Toulouse appear to belong to the future rather than the past. But Mr Jean Pierson, managing director, is keen for the consortium to restructure and rationalise its operations to compete against US manufacturers.

The voluble, Gitanes-smoking Mr Pierson believes that if Airbus fails to change, it will slip into decline. "In this industry, if you remain in your slippers, you will see the first sign that your market is down," he says.

One problem the consortium must confront is the bad publicity surrounding its safety record. Three Airbus aircraft on commercial flights have been involved in accidents in the last year, the most recent on the last day of March when an A310, operated by the Romanian airline Tarom, crashed after take-off from Bucharest, killing all 60 people on board. The preliminary conclusion of Romanian and Airbus investigators is that the right-hand engine failed to respond to an order from the automatic throttle system to reduce power after take-off.

While Airbus takes any accident seriously, Mr Pierson bangs the table in anger at any suggestion that the consortium's aircraft are particularly dangerous. He insists that the consortium's safety record compares favourably with that of other manufacturers. Airbus has suffered only nine fatal accidents since its first aircraft entered service in 1974. Over the same period, it has delivered 1,250 aircraft to 124 operators which have flown them for more than 10m hours.

Airbus staff say their accidents attract more attention than those of other manufacturers because the consortium is relatively new to the industry and has grown so fast in such a short time.

In spite of the growth, the next few years could be grim for the aircraft industry, says Mr Pierson. Many airlines, particularly in the US, are holding on to their old aircraft rather than buying new ones. There is a danger that the present economic upturn in the US and Europe will pass the aircraft industry by.

Boeing has appeared to be suffering more, making 7,000 employees redundant this year, after shedding 26,000 jobs since the end of 1992. Mr Pierson says, however, that Airbus has been going through a similar process – it just attracts less media attention because the consortium's manufacturing is less centralised than Boeing's.

The three companies that do most of the manufacturing for Airbus have all reduced employment levels. Daimler-Benz Aerospace of Germany now has 13,000 employees working on Airbus projects, compared with 22,000 in 1990. British Aerospace (BAe) has 5,500 Airbus-related staff, compared with nearly 11,000 five years ago. Aérospatiale of France has reduced employment the least, with 12,000 Airbus staff, only 1,000 fewer than in 1990.

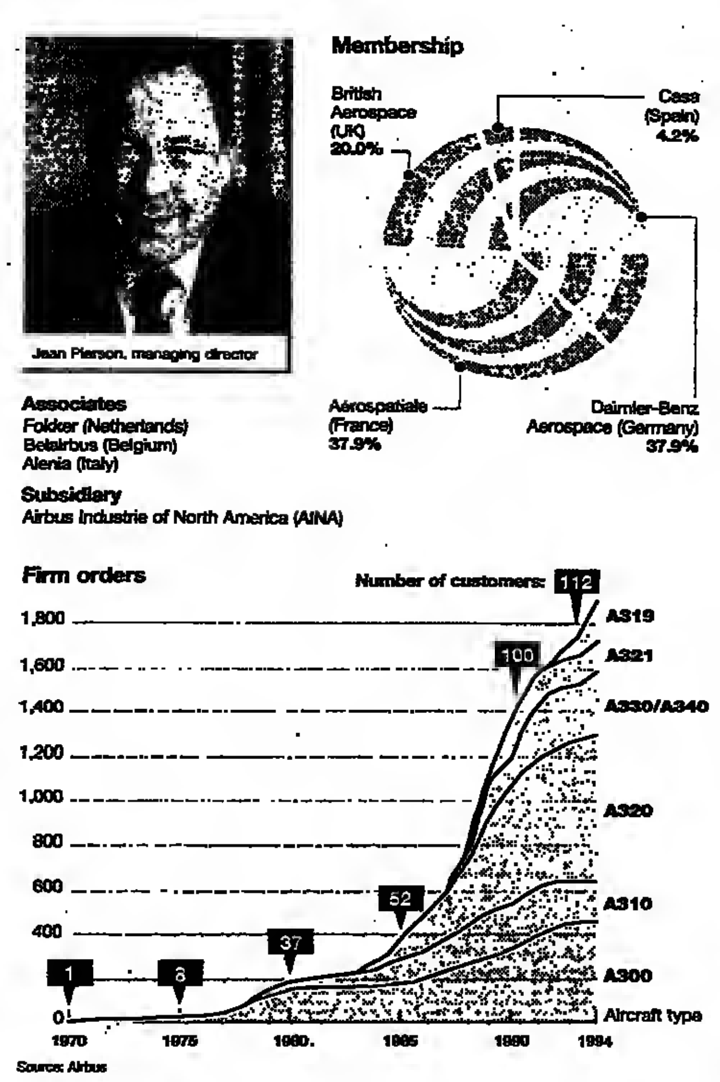
In an attempt to expand the market, Airbus and Boeing are studying the viability of a new generation of double-decker aircraft, capable of carrying 600 passengers or more. The two organisations are looking at the possibility of making the aircraft together, but are also both examining the feasibility of building large aircraft separately.

But neither Mr Pierson nor Boeing holds out much prospect of these "super-jumbos" sparking a surge of new orders. Few airlines seem interested. In the US, airlines prefer smaller aircraft which can be flown more frequently.

Some carriers outside the US will need new aircraft larger than those available today. Mr Pierson says Airbus is thinking about enlarged versions of the 295-seat A340 and the 335-seat A330.

Mr Pierson strongly believes that Airbus needs to change its structure in addition to updating its product line. Since its inception, Airbus has been a Groupement d'Intérêt Economique rather than a limited company. Under French law, a GIE does not make profits or losses in its own right; they accrue to its owners in proportion to their shareholdings. All investment decisions therefore have to be made in consultation with the partners: Aérospatiale and Daimler-Benz Aerospace, which each hold 37.9 per cent, BAe (20 per cent) and Casa of Spain (4.2 per cent).

Airbus Industrie: orders take off



Mr Pierson says he would like to see Airbus become a limited company, with the ability to make decisions more quickly rather than having to wait for its partners to reach consensus. It would also get rid of some of the duplication of effort – for example, over forecasts of worldwide aircraft sales. Each of the partners makes its own detailed forecasts, "to check that the Airbus forecast is OK", says Mr Pierson.

A company would also be able to drive a harder bargain with suppliers. Some of the partners are at present buying components from the same suppliers, but are negotiating prices separately.

A change would have to come from the partners rather than from Mr Pierson. A working group is *examining the case for abandoning* the GIE structure, but Mr Pierson says: "I must confess that today nothing concrete has been done."

Analysts believe Airbus is financially strong enough to go it alone. Mr Chris Tarry, an aerospace analyst with Kleinwort Benson in London, says that if Airbus had been a limited company, it would already have been in profit for several years.

Although early Airbus models benefited from European government launch aid, this has not been required in recent years. The newest Airbus models, the 186-seat A321 and the 124-seat A319 have been financed without any such help.

BAe is the most enthusiastic champion of Airbus becoming a company in its own right. Mr Chris Geoghegan, managing director of BAe's Airbus division, says: "Everyone's convinced that it's inevitable. The question is one of timing and of how it's done."

However, the other partners do not see change as an urgent matter. Daimler-Benz has supported BAe on the issue, but says: "It's not our first priority at the moment. The first priority is to sell aircraft."

Aérospatiale is even less enthusiastic about forming a company. It says the issue needs to be examined, but adds: "Today we have a system that works, that's allowed us to gain 30 to 40 per cent of the market in 25 years. If we have to choose a new system, it will have to be demonstrated that this system will conquer 50 per cent of the market, that it will allow us to do better than we are doing today."

Even when all the partners agree to a change, Mr Pierson accepts he will have to proceed slowly. The first step will be to move to limited company status, while allowing the shareholders to maintain their present stakes. The new organisation would need up to five years to establish itself before Airbus could consider bringing in additional shareholders or a partial flotation. He says: "You have to be realistic. If you introduce more complexity right from the beginning, you achieve nothing."

He is certain, however, that the Airbus structure should be avoided by European companies, including Aérospatiale and BAe, which are now planning to set up a consortium to build new small aircraft.

Mr Pierson says: "The committee system, the national representative system, I don't believe this is the path of the future. Nobody's trying to invent our system in 1995. The world is different."

How to set transatlantic ball rolling

PERSONAL VIEW

The time is ripe for a new transatlantic dialogue. A string of *factors has put relations* between the US and Europe under strain and raised fresh doubts about the strength of US commitment to the North Atlantic Treaty Alliance. These include the end of the cold war, the two sides' loss of confidence in each other over the mishandling of the crisis in the former Yugoslavia and their differences over the pace and scope of Nato's expansion.

The US's free-trade flirtations with Asia and Latin America have also evoked suspicion in Europe. In addition, the approaching US presidential election and the European Union's looming preoccupation with its 1996 inter-governmental conference point to a period of navel-gazing on both sides of the Atlantic.

To avoid drifting apart, the US and Europe need to instigate a new dialogue encompassing a wide range of issues, including economic and trade policy, security matters, and cultural and political affairs.

On the trade front alone, a multiplicity of concerns needs to be addressed – including cutting tar*iffs on semiconductors and trucks*, securing an open-skies aviation agreement, and harmonising rules on investment, competition and taxes.

Such dialogue would not be without risk. Free trade talks would have to wrestle with trade-distorting European farm subsidies and high US textile tariffs. Renewed disputes over these politically charged issues could be counterproductive, reminding people on both sides of the Atlantic of the matters on which they disagree, rather than reinforcing their sense of common purpose. But avoiding these issues will not make them go away.

European and US political leaders must not allow the technicians who negotiate the details of any new transatlantic initiative to lose sight of the overall goal: to evoke broad public support for a wider, deeper transatlantic relationship and, specifically, to renew the commitment of the American taxpayer to helping to pay for Europe's defence.

The lesson of both the divisive debate over the Maastricht treaty and the political brawl over the *North American Free Trade Agreement* is that idealistic international endeavours must be evolutionary and not revolutionary. This is to allow time for public attitudes towards the proposed changes to mature.

I propose the following timetable for setting this important ball rolling.

Idealistic international endeavours must be evolutionary and not revolutionary

Jacques Santer, European Commission president, and US president Bill Clinton should use their summit at the end of this year to set up a 21st century committee to chart a new course for transatlantic relations. This body should include influential American and European economists, diplomats and strategic thinkers: not greybeards, but men and women in the prime of their careers with a personal and profes*sional stake in seeing their recom*mendations implemented.

The 21st century committee should report back after a year or 18 months. By then, the US leadership question will be sorted out. And the inter-governmental conference will have begun to resolve the question of the Commission's competence in handling previously domestic, trade-related regulatory issues and foreign and security policy concerns.

Santer and whoever is the US president could then give their respective bureaucracies a year to come up with suggestions on how to proceed – having digested the committee's recommendations. Assuming their advisers recommend launching a transatlantic dialogue, the two leaders could commit themselves to such an effort by mid-to-late 1998. It would take another year to come up with a negotiating road map. Thus 2000 would herald the beginning of an ambitious transatlantic initiative.

This extended calendar would be helpful both to test the hypothesis that such an effort is needed and to broaden support for the endeavour. *There is no reason why it could not* be accelerated if global circumstances so dictated. And since Europe and the US are already deeply integrated, the process of working together on the initiative may ultimately prove more important than the outcome.

Some sceptics argue that, since the alliance is not broken, there is no need to fix it. But such sentiments reflect a static analysis. Looking five to 10 years down the road, there is plenty to worry about.

The Nato alliance has provided a foundation of stability and security in a dangerous world. Transatlantic trade and investment have fuelled unprecedented prosperity. With so much at stake, every effort should be made to adapt US-European relations to changing world conditions.

Bruce Stokes

The author is a senior fellow at the Council on Foreign Relations in New York

OBSERVER

Fish dish name game

■ Now that Europe and Canada have made their peace over Spanish fish catches, maybe it is time for *them to make up their minds as to* the name of the fish at the centre of the row. Were we talking about halibut or was this, as the Canadians would have it, turbot?

Fish connoisseurs be warned. It should not really be confused with either. *Reinhardtius hippoglossoides*, for that was the fish in question, may be much appreciated in Greenland. That is no doubt why it is called Greenland halibut. But it is generally considered a poor cousin of the larger, true halibut, *Hippoglossus hippoglossus*. Hence its other English name of mock halibut.

In the same family are to be found the lemon sole, flounder, dab and plaice. But not the turbot. Turbot are also flat fish, but they are much rounder. They are brownish and have both eyes on the left side, whereas Greenland halibut are grey-black with their eyes on the right.

The French regard the succulent turbot as a festive fish – and even have special fish-kettles called *turbotières*. Alexandre Dumas, no less, published a recipe for "turbot, English style". But not Canadian style.

Nor does real turbot live over on the other side of the Atlantic. Canadian trawlermen would have to go to European waters to catch them. Now that would be an interesting proposition.

Home grown

■ *In Malaysia the mighty political* machine of Dr Mahathir Mohamad, the prime minister, is thundering towards victory in elections due later this month. Dr Mahathir's national front government is not only being helped by the country's flyaway economic growth. It also controls most of the country's media. Parties are not allowed to broadcast their election messages on TV. The national front has circumvented the ruling through a series of slickly produced commercials about life in modern Malaysia, Dr M to the fore. Some of the lyrics deserve a special vote of their own: "A higher income without inflation, a home for all in this nation," goes one. Another is more mysterious: "I can remember it all, our favourite fruit stall."

Thai break

■ So much for Britain's big trade and investment push into Asia. If Tory grandad Sir Edward Heath is to be believed, at least one senior cabinet member has trouble finding the region on the map.

A veteran of Asian diplomacy since his re-establishment of diplomatic relations with China in the 1970s, Heath was attending a reception in Hanoi yesterday (that's tha capital of Vietnam).

"As you know," Heath remarked to Vietnamese and British guests gathered to mark the opening of investment and government relations firm Batey Burn's Vietnam office, "the Chancellor was here last year, although for most of the time he thought he was in Thailand."

The liquid refreshments at a luncheon Kenneth Clarke attended in Ho Chi Minh City were, Observer has it on excellent authority, very generous. But it does sound as if Clarke, who obviously doesn't believe in sparing foreigners the pleasure of his gaffes, would benefit from the odd geography lesson.

1-800 gamble

■ Britain is not the only country having problems coping with its citizens' appetite for national lotteries. American indians, having made big inroads into the US casino business with gaming halls on native reservations, are trying to launch a US-wide lottery.

The National Indian Lottery, announced last month by the Coeur d'Alene tribe of Idaho, is designed to be played with a credit card and telephone call.

However, state lotteries have cried foul, claiming it is contrary to federal law.

They are putting pressure on the phone companies not to provide the Indians with 1-800 toll-free phone numbers.

Watch this space.

Flower power

■ And finally, from Japan, a heartwarming tale about the job candidate who adapted to the customs of his host country quicker than most.

British bankers and brokers at a Tokyo dinner heard how one of their number had flown over an applicant only to find, after the first day of interviews, that he was less than suitable. But he was booked into a plush hotel for two more nights, so the company suggested he stay on for some sightseeing.

Ten days later, the hotel manager phones – checking that it is in order to pay the *second* £7,500 florist's bill. The gentleman was still in residence, making full use of restaurant and conference facilities, and furnishing everyone from the prime minister to assorted financial higwigs with bouquets of flowers.

The firm managed to convince the hotel that the bill, running to several million yen, was not their concern, and washed their hands of the affair.

The dinner guests expressed relief at the dénouement - while an employee of a Japanese brokerage house leaned anxiously across the table to check he had heard the name of the florist patron aright. Yes, the Japanese love of flowers is not just another cliché.

The Financial Times

100 years ago

Circulars for investors

Mr Lornie of Kirkaldy has turned up again as the "deus ex machina" for investors: A good many years ago he established some reputation by his monthly circulars, for which his friends subscribed at a guinea per annum; but after a spell of success his oracular utterances began to fall flat, and as time went by they fell flatter and flatter, like a bottle of beer that has been left uncorked, and the subscribers began to think that a guinea in hand was much to be preferred to a dozen of Mr Lornie'a circulars.

On the occasion of his present reappearance he is so confident of his infallibility that he actually offers "to guarantee those who may take his advice against loss". We cannot help wondering why – if he is prepared to undertake the burden of other people's speculations – he does not do it all on his own account, and become a millionaire without incurring the expense of printing and postages.

FINANCIAL TIMES
Wednesday April 19 1995

Europe to investigate East Asia video recorder 'dumping' claims

By Emma Tucker in Brussels

The European Commission will launch an investigation soon into allegations that videocassette recorders from East Asia are being dumped on the European market.

The move follows complaints from Philips of the Netherlands, which manufactures VCRs in Germany and Austria in a joint venture with Grundig. It has asked the Commission to examine the prices of products imported from Singapore and South Korea.

"The formal decision to open an investigation has been taken," said a Commission official. "We now have to decide whether the evidence that has been presented to us adds up to something."

The complaint about dumped products from Singapore is particularly sensitive as Thomson Consumer Electronics, the French state-owned company, produces VCRs in Singapore in a joint venture with Toshiba of Japan. Thomson and Philips are Europe's biggest consumer electronics companies.

"This could lead to the ironic situation that a state-owned European company is being investigated for dumping products in its own market," said a Brussels-based consultant.

Formal notification of the investigation of VCR dumping is expected to be published in the Commission's official journal over the next two weeks. According to the Electronics Times, the trade magazine, about 10.5m VCRs were sold in the EU last year, of which 5.4m were imported. Thomson's joint venture company in Singapore, IVP, makes about 1.5m VCRs a year for Thomson.

A spokesman from the South Korean trade centre in Brussels said his government had opposed the opening of an official investigation. "We hava already discussed the matter with the complainant, hut Philips' position will not change because it is trying to keep its markets protected," he said. South Korea'a main exporters of VCRs are the local conglomerates Daewoo, Goldstar and Samsung.

The evidence submitted to the Commission from Philips will have to prove thet moves by the South Korean and Singapore-based companies to price their exported VCRs below levels charged in their home markets seriously injured the European VCR industry.

Separately, the Commission announced yeaterday that it would impoae anti-dumping duties on soda ash imports from the US. The duties – which have been heavily criticised by European glassmakers – range between 5.4 per cent and 14.3 per cent.

The decision followed a protracted and complicated investigation hy the Commission at the request, nearly two years ago, of European producers, notably Solvay, the Belgian chemicals group.

The investigation revealed the US industry was undercutting EU producers by up to 15 per cent and had increased its market share in Europe from less than 1 per cent in 1990 to nearly 9 per cent in 1993.

"This [decision] is going to dramatically increase raw material prices," said Mr Jean Ries, secretary general of Guardian Europe, the flat-glass producer. "The duties amount to unfair protection for the soda ash industry."

THE LEX COLUMN

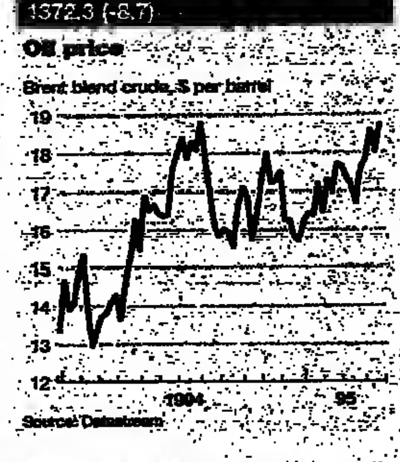
Oil out of troubled waters

Oil company bosses' professed pessimism over oil prices should be taken with a pinch of salt. They are mindful that job cuts will be easier to push through if they can persuade staff that rationalisation is necessitated hy a gloomy market outlook. And they were badly burnt by a slump in prices four years ago, after basing capital expenditure plans on optimistic price forecasts.

In fact, there are some grounds for a more bullish stance. Iraq's rejection of limited oil sales under a United Nations plan, the engine for the market's latest upsurge, means no extra supply. It also leaves plenty of scope for a price-boosting intensification of political risk. Technical factors are also broadly positive. After a mild winter in the US, which depressed prices, the summer holiday "driving season" is set to boost demand for crude oil. The supply side, on the other hand, will be constrained by the start of the maintenance period for oil rigs in the North Sea. Furthermore supply pressures from non-Opec countries are abating, removing a longstanding impediment to price rises.

But integrated oil companies' earnings are not directly correlated with oil prices. Higher prices on the exploration and production side will be offset by abysmal margins on refining activities. The impact of higher prices on the initial batch of first quarter results next week will be negligible – the biggest fillip to profits will come from petrochemicals which are currently enjoying a cyclical boom.

FT-SE Eurotrack 200: 1372.3 (-8.7)



Philip Morris

Philip Morris is soaring from the ashes of Marlboro Friday, when its share price crashed alongside its cigarette pricing policy. Cigarette profit margins may remain a shadow of their former selves, but Marlboro'a US market share grew to a record 31 per cent in the first quarter. The operating environment is also improving. Cost controls remain tight, leaf prices have been stable, and the US economic recovery is encouraging greater sales of Philip Marlboro's more profitable premium brands.

Of course, litigation will continne to overshadow the share price. A decision is expected in July on whether the substantial Castano class action can proceed against US tobacco companies. However unpredictable the outcome, the tobacco industry has a strong case. And two things move in Philip Morris' favour. Cigarette companies are already on extraordinarily low market ratings, despite the cash generation of these businesses. In addition, it is the international cigarette businesses which are driving Philip Morris' growth, accounting for a greater share of profits than the domestic market. This reduces reliance on the more litigious US, although international markets may face longer-term public policy restraints.

Philip Morris is channelling its substantial free cash flow into share buy backs, and following a policy of growing dividends at least in line with earnings. This policy has left the shares looking fundamentally attractive. But investors need to keep a wary eye on US lawmakers.

Fisons/Medeva

Fisons, long the ugly sister of the UK pharmaceuticals sector, is being transformed into a far more alluring entity. The proposed acquisition of Medeva, which could return the group to the FT-SE 100, is entirely logical. The companies' strategies – eschewing basic research and early development, while acquiring late-stage products elsewhere – are identical. The cost savings, though far less extensive than in recent takeovers, should nonetheless be real. And revenue synergies should be achieved by pushing Medeva's products through Fisons' distribution channels.

Once management positions have been equitably distributed, the main barriers to the deal will be funding structure and price. Valuing Medeva is difficult: the group, in Europe at least, is unique. Since a 1993 profits warning, the company has traded at a discount to the sector. But recently, it has outperformed because of stronger than average growth. Much depends on the value ascribed to its controversial high-growth off-patent treatment for hyperactive children.

Fisons could simply fund the acquisition from cash and debt. That would be tempting given its cash pile and the substantial cash-flow achieved by abandoning research. The danger is that lack of cash could limit later moves. However, if the management wants to raise equity, it will need to tell a convincing story. Long-suffering shareholders have previously funded Fisons' rights issues on the promise of happy endings, only to be find themselves trapped in a cautionary tale.

Housebuilders

A sunny Easter week-end and a strong pick-up in March sales have encouraged some seeds of hope for UK housebuilders. Things have been so bad for so long that they cannot possibly get worse, or so the theory goes. And the strength of the recovery in March sales suggests the likelihood of a follow through into the second quarter. After all, affordability of housing is at historically low levels, and there is growing confidence that the interest rate cycle has not much further to go.

But this would not be the sector's first false dawn. Resurgent house sales in the first quarter of 1994 were supposed to presage a full scale recovery. So housebuilders scrambled for overpriced land, just in time to see the market weaken again. This time around, the recovery has been far more tentative, and sales remain substantially lower than a year earlier. Furthermore, housebuilders are selling from more sites, creating a more competitive market. There are already indications that companies are offering more incentives to buyers, so volume growth may come at the expense of profit margins.

Of course, there is the hope that an out-going Conservative government, and possibly an in-coming Labour one, may provide consumer handouts and push up asset inflation. But investors would do well to wait for the reality. After all, it is hard to see how any government could justify encouraging a return to the inflationary investment-driven property market of 1980s.

See additional Lex comment on UK life assurance, Page 22

Hoechst

Continued from Page 1

Hoechst UK, which says that over the past four years it has lost large sums in interest on tax which it paid early.

Hoechst in Germany claims the initial ACT payments are contrary to provisions of the Treaty of Rome. Under UK law, the 1988 Income & Corporation Taxes Act exempts UK companies from ACT on dividends paid to a UK parent company. But ACT is levied oo dividends paid to overseas parent companies.

Hoechst also contends that the payments hreach the UK's treaty with Germany to prevent double taxation. Most recent UK tax treaties include provisions for partial repayment of ACT to overseas parent companies, hut the agreement with Germany dates from 1964, almost a decade before ACT was introduced.

If the case proceeds to the courts, it might go to the European Court of Justice because it relates to whether there can be one law for UK companies with UK parents and another for those with European parents.

China's economy heads for soft landing as growth slows

By Tony Walker in Beijing

China's economic growth slowed to 11.2 per cent a year in the first three months of 1995 against 12.7 per cent in the same period last year, prompting the government to declare that an overheated economy was heading for a "soft landing".

The growth rate remains higher than the official target of below 10 per cent for 1995, hut Mr Qiu Xiaohua, spokesman for the state statistical hureau, yesterday described the first quarter growth as "high hut stable".

China also reported a further easing of inflation, although price increases are still running at more than 20 per cent a year. Consumer prices in March were 21.3 per cent higher than a year earlier, hut were down more than 1 percentage point on February.

The slight easing of inflationary pressures in March marks the fifth successive monthly decline, hut China still faces a battle to hring inflation down below its target of 15 per cent for the year.

Mr Qiu hailed the latest economic indicators as a sign that China was achieving its aim of a "soft landing", with the growth rate falling after a peak of 13.4 per cent in 1993. "Demand and supply are now balanced and fast growth has gradually decreased," he said.

In mid-1993, Beijing instituted a 16-point stabilisation programme aimed at restraining economic growth, combating inflation and avoiding an ahrupt slowdown that might have added to unemployment.

Mr Qin yesterday expressed confidence that China could hring inflation down to 15 per cent this year provided there were "no new price rises". This was a reference to increases in state purchase prices of agricultural products, one of the main causes of inflation last year, when grain prices rose by 50 per cent.

Growth in industrial ontput also moderated in the first quarter to 14.4 per cent a year, compared with 16 per cent in the same period last year.

Money supply expanded by 24.4 per cent in the first quarter, according to the statistical bureau, hut it was unclear whether the figure was referring to M2, cash and deposits, for which the growth target this year is 24 per cent.

● China's foreign exchange reserves hit a record $58bn at the end of March, up by $6.4hn from 1994. Reserves soared 140 per cent last year to a record $51.6bn at the end of the year from $21.2bn.

The surge in foreign exchanges reserves partly reflects China's strong export performance. China had a surplus of $7.08bn in the first quarter on exports of $30.95bn and imports of $23.7bn.

EU power balance comes under fire

By Lionel Barber in Brussels

France, Germany and Britain have hijacked Europe's fledgling common foreign and security policy and are squeezing the smaller European Union member states out of decision-making, according to Mr Hans van den Broek, the external affairs commissioner.

In an interview, Mr van den Broek called for a new "grand bargain" at next year's intergovernmental conference to redress the halance of power in the 15-member EU, including diluting the national veto.

"If we don't change things, the existeoce of the common foreign and security policy is in jeopardy," he said.

Mr van den Broek's remarks are aimed partly at galvanising colleagues in the European Commission, who are due to meet tomorrow, to discuss the operation of the Maastricht treaty – which enshrined the common security and foreign policy – and options for change in the 1996 conference.

However, they risk being seen as attempting to "bounce" Mr Jacques Santer, Commission president, who is leaning toward a more cautious approach to the IGC, particularly in the sensitive area of foreign policy.

"We have a foreign policy, but my main problem is becoming whether we have a common foreign policy. Who is taking the decisions?" said the commissioner, referring to a "new troika" of Germany, France and Britain.

The most troubling example, he said, was policy toward former Yugoslavia. The "contact group" of France, Germany, Russia, Britain and the US had frozen out other EU member states, including countries such as Spain and Denmark, which had contributed to the UN peacekeeping force in Bosnia.

Mr van den Broek called for a balance between respecting the traditional position of Britain and France as permanent members of the UN Security Council, and Germany, a likely future member, and the need for tighter common institutional links with the other 12 EU member states.

The other side of the "grand hargain" should he an adjustment at the IGC in 1996 in the voting weights of the smaller member states in favour of the larger countries. This would allay fears that the hig countries could be steam-rollered by coalitions of smaller states in qualified majority voting.

But Mr van den Broek made clear that the large member states would have to pay a price through a dilution of the national veto, more qualified majority voting and an increased role for the European parliament to assure democratic accountability.

Britain has already dismissed such proposals and France harbours grave doubts about widening the parliament's powers in foreign policy.

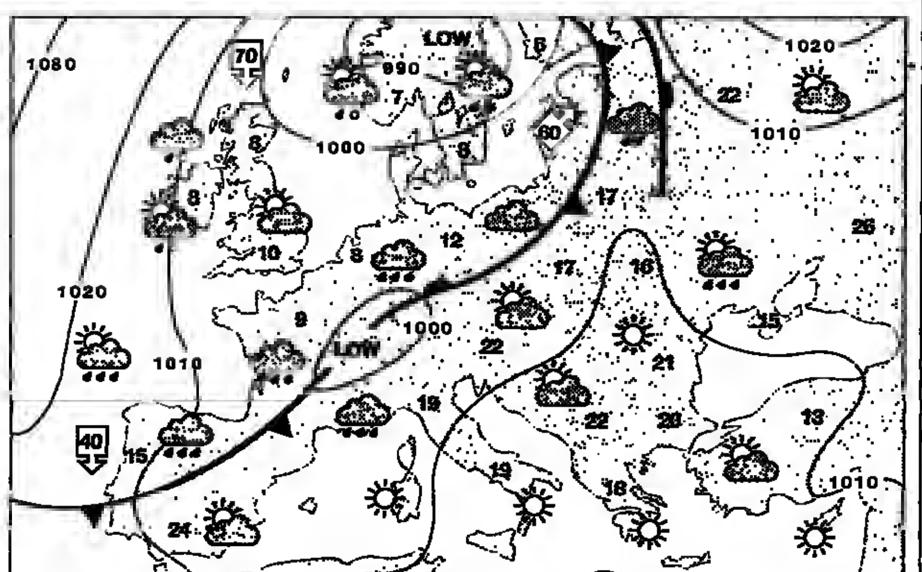
FT WEATHER GUIDE

Europe today

A polar air mass will spread south across western Europe in the wake of an active depression over Scandinavia. Frequent wintry showers will affect coastal regions of the UK and south-west Norway. Scattered showers will alternate with brief sunny periods over Holland, western Belgium and north-west Germany. Scattered light rain or showers will occur over southern Germany, northern Poland and the Baltics. Central France will be overcast with a lot of rain. There will be considerabla cloud and rain along the north coast of Spain. Southern Spain will be sunny and warm. The Mediterranean and south-east Europe will be sunny with light winds.

Five-day forecast

High pressure over the Atlantic will continue to direct cold and unstable air south across western Europe. Conditions in Spain, Portugal, and northern Morocco and Algeria are expected to deterlorate. The boundary between this cool air and a warmer air mass over the eastern part of the continent will stall over central Europe. Eastern Europe will become warmer.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

City		Maximum Celsius
Abu Dhabi	sun	37
Accra	thund	30
Algiers	thund	21
Amsterdam	shower	5
Athens	fair	20
Atlanta	fair	30
B. Aires	fair	22
B.ham	rain	8
Bangkok	fair	36
Barcelona	fair	20
Beijing	fair	21
Belfast	sleet	8
Belgrade	sun	23
Berlin	rain	12
Bermuda	cloudy	22
Bogota	cloudy	19
Bombay	fair	33
Brussels	cloudy	8
Budapest	fair	22
C.hagen	hail	8
Cairo	fair	22
Cape Town	shower	20
Caracas	cloudy	29
Cardiff	hail	8
Casablanca	shower	20
Chicago	fair	15
Cologne	cloudy	10
Dakar	sun	25
Dallas	fair	23
Delhi	fair	36
Dubai	sun	36
Dublin	hail	8
Dubrovnik	sun	20
Edinburgh	fair	8
Faro	fair	21
Frankfurt	rain	13
Geneva	rain	17
Gibraltar	sun	22
Glasgow	sleet	9
Hamburg	shower	9
Helsinki	shower	8
Hong Kong	fair	26
Honolulu	cloudy	29
Istanbul	fair	17
Jakarta	cloudy	32
Jersey	shower	10
Karachi	fair	34
Kuwait	sun	33
L. Angeles	fair	18
Las Palmas	fair	23
Lima	fair	23
Lisbon	cloudy	17
London	fair	10
Lux.bourg	drzzl	10
Lyon	rain	15
Madeira	shower	18
Madrid	cloudy	22
Majorca	fair	22
Malta	sun	18
Manchester	hail	8
Manila	fair	33
Melbourne	shower	20
Mexico City	fair	25
Miami	fair	31
Milan	shower	16
Montreal	rain	12
Moscow	fair	22
Munich	cloudy	18
Nairobi	thund	30
Naples	sun	18
Nassau	cloudy	30
New York	fair	19
Nice	shower	18
Nicosia	fair	21
Oslo	cloudy	8
Paris	rain	9
Perth	fair	23
Prague	drzzl	18
Rangoon	fair	35
Reykjavik	fair	1
Rio	cloudy	28
Rome	fair	19
S. Frsco	sun	18
Seoul	fair	18
Singapore	cloudy	32
Stockholm	shower	7
Strasbourg	rain	17
Sydney	fair	24
Tangier	fair	21
Tel Aviv	shower	18
Tokyo	fair	20
Toronto	rain	18
Vancouver	shower	13
Venice	fair	17
Vienna	fair	20
Warsaw	cloudy	17
Washington	fair	26
Wellington	rain	12
Winnipeg	fair	12
Zurich	rain	17

هكذا من الاصل

FINANCIAL TIMES
COMPANIES & MARKETS
Wednesday April 19 1995

IN BRIEF

RWE takes stake in Enichem-Augusta

RWE-DEA, the petrochemical and chemical division of RWE, Germany's largest utility company, is to pay DM242.2m ($176.8m) for a 70 per cent stake in Enichem Augusta, the Italian manufacturer of intermediate chemicals for detergents. Page 16

Reduced provisions lift Snam
Snam, Italy's state-owned gas supply and transmission group, increased net group profit in 1994 to L1,400bn ($827.9m), as the burden of providing for losses at its sister chemicals companies was reduced. Page 16

Philip Morris lifted by cigarette sales
A big increase in cigarette sales at home and abroad helped Philip Morris, the US tobacco and food group, produce a 16 per cent rise in first-quarter net earnings, excluding the effect of accounting changes. Page 18

Sara Lee may bid for PacDun food assets
Sara Lee, the Chicago-based food and consumer products group, is considering whether to bid for some or all of the food assets put up for sale by Pacific Dunlop, the Melbourne-based conglomerate. Page 18

Mobile phones lift Sprint and GTE
Sprint and GTE, two leading US telephone companies, reported steady earnings growth of 9 per cent and 8 per cent respectively for the first quarter. Both recorded growth in mobile phone customers of about 50 per cent. Page 17

Greek olives squeezed by EU
Greek olive oil exports have declined sharply this year, following a restructuring of the European Union's system of support payments to prevent fraud by olive oil processors. Page 15

Fisons and Medeva prepare for talks
Fisons and Medeva, the drug companies which announced on Monday that they were considering a merger, are preparing for weeks of intensive talks to hammer out a deal that suits both companies. Page 22

Gehe steps up attack on AAH 'failures'
Gehe, the German pharmaceuticals wholesaler involved in a hostile bid for AAH, again attacked its target's failure to deliver value to shareholders. Page 22

Prudential shows fall in UK new business
Subdued sales at Prudential in the first three months of this year could be the first indication of what difference the new regulatory requirement to give more information about policies is making to UK life companies. Page 24

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Hochtief	775	+	10
Falls			
Bilf & Berger	635	−	14
Daimler Benz	622.5	−	14
Goldschmidt	790	−	10
Porsche	516	−	25
Wella	980	−	13
NEW YORK ($)			
Rises			
Chase Man	44¾	+	2½
Jhnsn & Jhnsn	62¾	+	2
Merrill Lynch	44⅛	+	⅝
Wells Fargo	182¼	+	2
Falls			
Sybase Tech	71⅝	−	1⅜
Vestron	14⅜	−	3¼
LONDON (Pence)			
Rises			
Dinkie Heel	37	+	5
Medeva	257½	+	51
Falls			
Danby	60	−	7
Innovative Tech	70	−	9
Newport	72	−	5
YRM	8	−	2
TORONTO (C$)			
Rises			
Crown Res	5⅝	+	1
Plaintree Sys	17⅞	+	1
Falls			
Diamond Fields	34¾	−	1⅛
Gen Motors	58⅜	−	1
Softkey Soft	36⅛	−	1½
Spectral Diag	34⅛	−	1

PARIS (FFr)			
Rises			
Euro RSCG	550	+	17
Falls			
Bercaire Cie	519	−	16
Chargeurs	920	−	13
Gaumont	275	−	12
SLIC	670	−	15
Soc Generale	521	−	12
TOKYO (Yen)			
Rises			
Mitsui Mining	348	+	9
Sanrio	977	+	17
Sony	4160	+	10
Falls			
Hokuriku Elec	2280	−	10
TDK	3910	−	40
Toshiba	564	−	11
HONG KONG (HK$)			
Rises			
China Motor	37.5	+	0.5
HSBC	91.5	+	0.5
Falls			
China Light	36.7	−	0.8
New World Dev	20.7	−	0.6
Shaw Bros	13.3	−	0.5
Sun Hung Kai	52.25	−	0.7
BANGKOK (Baht)			
Rises			
Inoue Rubber	157	+	7
Falls			
Dhana Siam	83.5	−	9
Sanyo Univ	400	−	8
Siam Cement	324	−	12
Tisco	616	−	16
Utd Motor	132	−	11

New York & Toronto prices at 12.30.

Upbeat Merrill Lynch lifts payout

US securities firm kicks off industry's results with rise over previous quarter

By Maggie Urry in New York

Merrill Lynch, the largest securities firm in the US, yesterday raised its quarterly dividend and reported its first increase in net income over the previous quarter since the industry's profitability began to fall last year.

It is the first large brokerage to report on the quarter to the end of March, and may indicate that trading conditions for the industry are beginning to improve. However, Merrill's profits did not fall as much as other houses last year because of its wider spread of activities and heavy commitment to retail investors.

Merrill's first-quarter net income was $227m, up from $162m in the fourth quarter of last year, reversing the quarter-by-quarter decline in 1994. However, net income was still well below the $372m made in the record first quarter of 1994.

On a per share basis, net income was $1.08 in the first quarter, up from 75 cents in the last quarter of 1994, but down from $1.68 earned in the first quarter of 1994.

Mr Daniel Tully, chairman and chief executive, said the dividend increase from 23 cents to 26 cents "reflects the continuing strong earnings performance of the company and our confidence in the future".

The group last increased its dividend in the second quarter of 1994, from 20 cents. Merrill also announced an increase in the number of shares it could repurchase from 5m to 20m shares. The announcement coincided with Merrill's annual meeting yesterday.

Merrill's shares rose $⅝ to $44 in morning trading. They had fallen to a low of $32¼ in the fourth quarter last year, when the group was overshadowed by its involvement with Orange County, the Californian local authority which went bankrupt in December.

Merrill has maintained that it acted properly in all its dealings with Orange County but is being sued for $2bn by the authority.

Part of the recovery in first-quarter income came from a fall in non-interest expenses of 6 per cent. Within that, compensation fell 11 per cent to $1.3bn, largely because of lower bonuses. Merrill also benefited from a lower tax rate, down from 43 per cent to 40 per cent.

Revenues in the quarter fell from $2.83bn in 1994 to $2.42bn. Commission revenues were 21 per cent lower at $685m as sales of mutual funds dropped. Investment banking revenues fell 44 per cent to $248m, reflecting a halving of underwriting volume. Mergers and acquisition activity picked up.

Merrill said it had maintained its position at the top of the league table for debt and equity underwriting and had a 16.9 per cent share of the domestic market.

US bank results, Page 17

General Cable may lower float price

By Raymond Snoddy in London

General Cable, the French-owned cable communications group which is hoping to raise around £200m ($320m) through a flotation to London and New York, is meeting resistance on price in difficult market conditions in the US.

The company is planning to set the price of its offer after the US markets close tonight with a view to begin trading tomorrow.

General Cable, which is involved in cable franchises covering 1.7m homes in the UK, had expected the share price to be set between 220p and 255p which would hava raised between £198m and £230m. This would have valued the group at between £557m and £646m.

It is now possible that the float could be priced at below the expected minimum although the book building exercise is not yet complete.

General Cable takes the view that it would prefer to go ahead with the flotation at a price lower than previously hoped for rather than pull the offering or face downward pressure on the shares when trading opens.

The company, which has 22 per cent of all cable business telephone lines, 16 per cent of residential lines and 14 per cent of cable television subscribers in the UK, is one of a number of cable companies which have floated or are about to float.

In November, shares of TeleWest Communications, the largest UK cable operator, were six times subscribed at 182p valuing the company at £1.8bn. The shares now stand at 163p.

Nynex CableComms, another of the large UK cable operators, confirmed earlier this month that in May it would begin marketing a public offering in London and New York designed to raise more than £400m.

TeleWest yesterday announced first-quarter figures showing that 12,960 net new cable subscribers had been signed up compared with 3,590 in the first quarter last year.

The company's cable television penetration rate – the ratio of those subscribing compared with those who could subscribe – was virtually static at 21.8 per cent.

The absolute number of cable television subscribers in the UK has continued to rise as cable networks have expanded around the country and should pass the 1m home mark within a few weeks. The penetration rate remains at around 22 per cent.

Alison Smith spots a strategy behind Abbey's purchases

Lured offshore by the siren song of diversification

The strategy of diversifying from its core business of UK mortgages and personal savings is leading Abbey National, the home loans and banking group, to make its first foray into European financial services since 1990.

Abbey, the UK's fourth largest high street bank, plans to set up an offshore operation next year to sell retail financial services in continental Europe.

Its continental operations so far have had what Mr Peter Birch, chief executive, calls "a chequered history", and last year made a pre-tax loss of £33m ($52.5m).

The new venture will be based in Dublin and will sell investment policies in France, Italy and Spain. The policies will be designed by Scottish Mutual, one of its life insurance subsidiaries.

The move will be Abbey's first expansion into continental Europe since 1990 when it bought Fico France, a French mortgage company. Since then the group has acquired a taste for purchases.

While few of the acquisitions hava been large, together they give Abbey a foot in the door of a range of markets, from corporate pension schemes to foreign currency services.

The sense of strategic direction behind this has been slightly obscured by the combination of purchases by the group itself and by its small subsidiary, Abbey National Independent Financial Advisers.

ANIFA's focus is easier to see. It is aiming to be a significant presence in specialised markets where many small companies with expertise may be short of capital. "I suspect there are more firms to be consolidated within ANIFA," says Mr Charles Villiers, Abbey's managing director of corporate development.

The most striking contrast with other domestic banks is Abbey's preference for a series of small acquisitions in diverse businesses rather than a large purchase.

The approach means that Abbey does not make big mistakes – TSB's purchase of the merchant bank Hill Samuel is an example often quoted – but also that it may lose out on opportunities, such as the Lloyds Bank acquisition of Cheltenham & Gloucester Building Society. Analysts see this as sensible, though their enthusiasm is muted.

"On balance I agree with what they're doing," says Mr Hugh Pye, banking analyst at BZW. "They don't want to bet the bank, but they do want to create new revenue streams."

Abbey is unapologetic about its cautious attitude towards purchases. "Most acquisitions fail", says Mr Birch, "and goodwill must all be earned back again before you can create shareholder value."

While the group has made a couple of larger purchases – such as Household Mortgage Corporation, Mr Birch emphasises that small acquisitions can bring in expertise which can be transferred to other operations. For example, the systems and actuarial controls used by Scottish Mutual, which sells through independent financial advisers, have been used in the development of Abbey National Life, which sells through the bank's branch network.

Abbey intends the same transfer process to apply in the case of Pegasus, a healthcare company, which it bought earlier this year. Mr Villiers says it has saved the bank three years in its diversification into the fast-growing healthcare market.

Mr Martin Hughes, banking analyst at Credit Lyonnais Laing, is not convinced that small-scale purchases will make much difference to the group. "Shareholders want to see some value generated," he says. "Small acquisitions can't do that."

Abbey has itself set ambitious targets for diversification: it aims to find 40 per cent of its earnings from non-traditional activities by 1997.

The relatively stagnant condition of the UK housing market is one factor behind this, but the impending flotation of Halifax Building Society, the UK's largest mortgage lender, seems to be another, as this is bound to focus attention on Abbey's use of its time since conversion.

Making proper use of the acquisitions to meet the diversification target depends on using them in selling a wide range of financial services to the bank's 10m customers. So far, Abbey has not really tried to cross-sell financial products, and on average its customers have fewer than two products each from the group.

"The customer base has been hardly touched because we did not have the products until recently," says Mr Birch.

Even so, a rise in the number of Abbey policies held by each Abbey customer may be one sign of whether the bank's cautious strategy is simply a way of avoiding expensive errors, or whether the "buy and build" approach has more to offer.

Castle in the air

Ashley Ashwood

Jet setter: United Airlines' first Boeing 777 jet airliner flew into London's Heathrow airport yesterday. Captain Andy Messer, who flew the aircraft, stands in one of the two jet engines, which has a diameter of about the same size as the fuselage of a Boeing 737.

Barry Riley

When fund managers have embarrassing parents

As finely-tuned nostrils detect a whiff of bullish conditions in the stock markets, share prices of investment management companies have rallied. They are doubly sensitive: not only does their new business grow as investors are attracted into equities, but their fees are charged as a percentage of increasing portfolio values.

Bidders, too, are again in action. Commerzbank paid a high price for Jupiter Tyndall, an undistinguished London manager. Troubled John Govett, under pressure from a US law suit, has resolved to sell off its component asset management businesses on either side of the Atlantic at the generous valuations it hopes are still available.

Late last year Morgan Stanley made it clear that the unglamorous but reliable Mercury Asset Management was its main target at Warburg, rather than the high profile but ailing corporate finance and securities arms. The 75 per cent stake in MAM accounts for two-thirds of S.G Warburg's market capitalisation.

Although asset management earnings are cyclical they are probably less so than many other kinds of profit streams in commercial and investment banking. As investment bankers discover the risks in their businesses are increasing they are motivated to rebalance their activities: in effect, to recapture the margin which competition has transferred to the "buy side".

For City of London merchant banks, asset management used to be an unremunerative service given away to corporate clients to secure the more important corporate finance relationship. Now, the merchant banks that have managed the opportunities well, notably Warburg and Schroders, can find that asset management accounts for the bulk of profits.

But this has raised a new problem. Are these risky parent concerns suitable owners of businesses which look after enormous long-term savings? Of course, ring-fencing of assets can reduce the dangers, maybe to insignificance. But at Barings it turned out that clients' liquidity was effectively being used to finance proprietary speculation on the futures markets.

There has been a long tradition within banking groups of using captive funds to oil the wheels

Probably the most that would have been lost, without the rescue by ING, would have been 1 or 2 per cent of the typical portfolio, within the range of normal performance fluctuations. But clients did not suspect a risk.

Yet there has been a long tradition within banking groups of using captive funds to oil the wheels: to support failing new issues, provide a flow of business for market-makers and feed foreign exchange departments. Such abuses, we are assured, hava been stamped out by regulation.

But if the high prices being paid for asset managers are to be justified, buyers must be able to see ways of expanding the flow of revenue, and clients should be wary.

London's depth of expertise in global equity management is still attracting the likes of Commerzbank, although French predecessors such as Société Générale, which sold Touche Remnant to Henderson in 1992, and Banque Indosuez, which floated 25 per cent of Gartmore on to the London stock market in 1993, have had second thoughts.

In fact global equities are no longer the fast track to portfolio riches that they seemed to be in the 1980s, although their appeal depends partly on their currency. The World Index in D-Marks has declined by an average 2 per cent a year since the beginning of 1990, and in terms of yen the annualised fall has been 8 per cent.

The response of global managers to weakness in the Tokyo market (still 29 per cent of the World Index by capitalisation) and sluggishness in the US and Europe has been to chase higher risks in emerging markets, with uneven results. In developed markets there is a new emphasis on stock-picking, a tough game which will provide a living for fewer managers than closet-tracking the steeply uptrending indices did in the 1980s.

As for the ultimate clients, a combination of rising charges and poor performance is creating dissatisfaction. The average UK unit trust, for instance, has achieved annualised capital growth of only 3 or 4 per cent over the past five years. But did I hear somebody say something about a bull market?

RWE division takes 70% stake in Enichem Augusta

By Judy Dempsey in Bonn and Andrew Hill in Milan

RWE-DEA, the petrochemical and chemical division of RWE, Germany's largest utility company, is to pay DM242.2m ($176.8m) for a 70 per cent stake in Enichem Augusta, the Italian manufacturer of intermediate chemicals for detergents.

Under Italian takeover rules, RWE-DEA will have to launch a bid for a further 15.75 per cent of shares, traded on the Milan stock exchange.

Enichem, the state-controlled chemicals group which owns the majority stake, said yesterday it had agreed to retain a 14.25 per cent stake in Enichem Augusta for at least seven years, guaranteeing a supply of raw materials to the new owner.

The Hamburg-based company intends to use the Enichem Augusta purchase to strengthen its position outside Germany in detergent raw materials.

RWE-DEA will take on about L240bn ($140.6m) of debt with the acquisition, hut the company said it was confident of being able to turn Enichem Augusta around.

"It is true they are under pressure, financially. But we are fairly optimistic," it said.

Enichem has been pursuing a programme of disposals and cost-cutting.

With the help of recapitalisation hy Eni, the state energy and chemicals group, Enichem cut debt to L5,000bn hy the end of 1994, from L8,356bn a year earlier.

Enichem is understood to have received hids for Enichem Augusta from Advent, the US venture capital fund; Huls, the German chemicals group; and a group of entrepreneurs from Sicily, where Enichem Augusta's main plant is located.

RWE-DEA last year had a turnover of DM22.7bn, with the detergents and chemical sector accounting for DM2.1bn. More than 75 per cent of sales were generated outside the European Union as a result of RWE-DEA's recent expansion in the US.

The acquisition coincides with signs of an upswing in the German chemical industry which has restructured over the past two years.

Sales this year are expected to grow 6 per cent, helped by a 2 per cent rise in prices, compared with a 4 per cent rise in volume growth last year.

Reduced provisions lift Snam

By Andrew Hill

Snam, Italy's state-owned gas supply aod transmission group, increased net group profit io 1994 to L1,400bn ($827.9m), as the hurden of providing for losses at its sister chemlcals companies was reduced.

Io 1993, Soam recorded a group net profit of L80bn, but that followed beavy provisions for losses at Enichem and other companies which were part of Eni, Italy's state energy and chemicals holding company, and which are linked to Snam through a network of share holdings.

All Eoi subsidiaries have benefited from disposals of non-core businesses, simplification of the company structure and reduction of costs ahead of privatisation, which the Italian government has said will be carried out later this year.

Enichem has cut its losses, and other chemlcals subsidiaries have been sold off, reducing provisions at Snam, which held an indirect stake in the chemicals operations.

Snam's L1,400bn net profit was generated from a turnover of L15,005bn, against L14,596bn, but on a slightly lower volume of gas sold – down to 48.4hn cubic metres in 1994, compared witb 49.6hn a year earlier.

Imports, mainly from Russia and Algeria, decreased slightly and made up 60 per cent of the 48.8bn cubic metres of gas available in 1994.

The group's gross operating margin rose to L4,623bn from L4,279bn. The company said it had expanded the gas pipeline network to about 26,000km.

Eni is due to report profits shortly, but most of its main subsidiaries – apart from Agip, the oil and gas exploration arm – have released improved 1994 results.

At the weekend, Enlchem, which was the heaviest loss-maker in the group, reported it had returned to operating profit of L399bn in 1994, against an operating loss of L819bn in 1993. The net loss was cut to L857hn from L2,678bn.

Chrysler strengthens its push into Europe

By John Griffiths

Chrysler, North America's third biggest car maker, has strengthened its push into the European market with the creation of a post responsible for operations in Europe.

The Frankfurt-based job is to be filled by Mr Timothy Adams, who has been director of new-generation vehicle programmes in the US.

Mr Adams, 49, will be responsible for all Chrysler's operations in Europe, reporting to Mr Thomas Gale, vice-president for product design and international operations.

The post has been created just three months after Chrysler – the target of a $23bn buy-out proposal by Mr Kirk Kerkorian – announced the sale of its 300,000th vehicle in Europe following re-entry to the market in 1987.

In addition to selling US-built imports, Chrysler has a manufacturing presence at Graz, Austria, where Jeeps are being assembled and which in October will start building an all-new version of the company's market-leading Voyager minivan.

Chrysler is planning to introduce an increasingly wide range of vehicles to most European markets.

It has begun selling the Neon, a compact car mid-way in size between Ford's Escort and Mondeo models, and the Vision luxury car – to be joined shortly by the Stratus family saloon and the New Yorker, Chrysler's flagship.

MacMillan Bloedel sees big gains

MacMillan Bloedel, Canada's biggest forest products group, will report first-quarter earnings of ahout C$65m ($48m), quadruple the first quarter of 1994, and expects big gains in the rest of the year and in 1996 with strong world markets, writes Robert Gibbens in Montreal.

The company said that accounting changes had delayed the first-quarter results until later this week. But forecast net profit of about C$300m for 1995 and C$400m-C$450m in 1996.

In 1994, MacMillan Bloedel earned C$180.2m or C$1.36 a share on revenues of C$3.9bn.

MacMillan Bloedel will spend about C$600m tbis year on completing its lightweight coated paper conversion on Vancouver Island building two joint venture panelhoard plants, one near Ottawa and another in the US, a plant in Saskatchewan and a linerboard mill in Kentucky.

A further C$100-C$200m is earmarked for acquisitions. Any deals will be outside British Columbia "because we can't get fibre there any more," it said.

Canada energy unit advances

PanCanadian Petroleum, the energy arm of Canadian Pacific, will report first-quarter earnings of more than C$70m (US$51.5m), up 30 per cent from a year earlier, and cash flow of more than C$190m, up 18 per cent, writes Robert Gibbens.

In 1994, earnings were a record C$287.3m or C$2.30 a share.

Alcatel names Viénot interim head

By Andrew Jack, John Ridding and David Buchan in Paris

Alcatel Alsthom last night named Mr Marc Viénot as its interim head until July 31, by which date he must find a more permanent chairman to succeed Mr Pierre Suard, barred by a magistrate from exercising control of the big industrial group.

Mr Viénot, chairman and chief executive of the Société Générale bank, was unanimously chosen by his fellow Alcatel Alsthom board members as their interim president.

SocGen has the largest single shareholding in the group, with 6 per cent of the capital and 9 per cent of voting rights, and the choice of a banker as caretaker avoids any conflict of interest that might have arisen from the selection of someone else from industry.

The Alcatel Alsthom board noted "with regret" last week's rejection by an appeals court of Mr Suard's appeal against the judicial order barring him from contacting members of the group. Mr Suard remains on the board. The company said it "wished to point out that it [the court ruling] does not in any way affect the presumption of innocence to which Mr Suard is entitled".

It noted Mr Suard was "still prevented from fulfilling his functions as head of the group". Mr Suard is being investigated on charges of overbilling France Télécom and use of company funds for personal expenses. He denies the charges.

Mr Viénot is to lead a search committee composed of five other board members, in the quest for a new head of the group.

"There is no need to rush, but it is clear that we want the situation resolved as quickly as possible," said one senior executive yesterday.

One reason is the need to respond to difficulties in some of the group's principal business areas, including a decline in the German, Spanish and Italian telecommunications markets.

Opinion is divided on who will become permanent chairman, but names mentioned include Mr Francis Mer, chairman of Usinor Sacilor, the steel maker; Mr Pierre Bilger, chairman of GEC-Alsthom, the electronics and defence group; and Mr Jozef Cornu, vice-president of Alcatel.

Insider with an international outlook

By Andrew Jack

The man who is taking over temporary control of Alcatel Alsthom is a quintessential member of the French establishment who still seems to enjoy bending its rules.

Mr Marc Viénot, 66, who has been head of Société Générale since 1986, is one of the country's most respected and internationally-minded chief executives.

A commander of the national order of merit and an officer of the légion d'honneur, he was last year awarded the title "manager of the year" by Nouvel Economiste magazine.

His education took in the most prestigious high-prestige institutions of the French system: a diploma from Science Po in Paris, a top graduate from the Ecole Nationale d'Administration and then an appointment as an Inspecteur des Finances, the most elite administrative corps.

He then worked in a succession of senior posts in the offices of the French economic ministries, at the Treasury, the Organisation of Economic Co-operation and Development and Council of Economic and Social Development Funds.

Mr Viénot had no compunction about leading an unprecedented campaign of public criticism against the recent government-backed rescue package of one of his leading rivals, Crédit Lyonnais, owned by the state. He threatened to pursue his concerns that the plan was anti-competitive to the European court.

While he has a very French obsession with fine food and wine, and a penchant for enormous cigars, he is also an avid anglophile with a dry sense of humour, and widely travelled in both the US and the UK.

His experience in other countries includes three years in 1970-73 as a representative of the French state in the US and Canada, and then as an official for the International Monetary Fund and the World Bank.

He has also taken considerable interest in the Anglo-Saxon approach to corporate governance, and is chairing a working party on the subject under the auspices of the Patronat, the French employers' federation. He sits on the boards of other leading French companies including Havas, Compagnie Générale des Eaux, Schneider, Rhône Poulenc and TF1.

Marc Viénot: avid anglophile with a dry sense of humour

There is little likelihood that Mr Viénot will remain in position longer than is necessary to find a successor following the board's decision to replace Mr Pierre Suard as chairman.

He has worked for Société Générale since 1973, first as deputy chief executive, then chief executive from 1977 and chairman-chief executive from 1986. He saw the bank through to privatisation, and fought off a bid to buy the bank backed by the socialist administration in 1988.

Mr Viénot is still under investigation in a judicial inquiry linked to this takeover opened in 1992, questioning the legality of Société Générale buying some of its own shares as part of its defence against the bid.

The hostile bid was co-ordinated by Mr Georges Pébereau, head of Marceau Investments, and the former chairman of Alcatel before Mr Suard.

Publicis abandons case against US partner

By Andrew Jack

Publicis, France's largest advertising agency, has abandoned formal proceedings against True North, its US partner, in an effort to resolve a dispute between the two companies.

The decision follows an embarrassing public row which threw into doubt the operation of Publicis-FCB Europe, the European joint venture owned by the two companies and founded seven years ago.

Publicis announced in February it was rescinding its alliance with True North, and both companies started international arbitration proceedings over their partnership.

Publicis said yesterday that senior executives from the companies would, instead, meet informally in an attempt to settle their differences. "We considered it would be better to work together than to work through lawyers," an official said. She expected a resolution over the next few months.

The dispute erupted after True North claimed its alliance with Publicis was jeopardised when the French agency made an acquisition in the US which, it said, contravened the original agreement.

Publicis came to renewed prominence recently following its decision to sign a co-operation agreement with the new advertising agency formed by Mr Maurice Saatchi, former head of Saatchi & Saatchi, after he left his former agency.

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INTERNATIONAL COMPANIES AND FINANCE

International strategy helps Citicorp

By Richard Waters in New York

Citicorp yesterday reported a jump of more than a third in operating profits for the first quarter, demonstrating the *results of an international* growth strategy which has set it increasingly apart from other large US banks.

The increase came against a backdrop of mixed results from US money centre banks, due to trading losses in emerging markets and modest earnings growth at most of the country's biggest regional banks.

The latest earnings indicated continuing sluggish revenue growth and pressure to restrain costs as banks reach the peak of the industry's earnings cycle.

Citicorp, the biggest US bank, registered a 15 per cent increase in revenues, to \$4.4bn, due in large part to a jump in wholesale banking earnings. Its trading income rebounded from a weak period a year before on the back of strong foreign exchange profits, climbing from \$71m to \$344m.

Costs grew by 10 per cent to \$2.7bn, in part reflecting the bank's continuing investment to grow both its consumer and wholesale banking businesses in developing countries. In all, Citicorp earned 49.6 per cent of its first quarter profits in the developing world.

The bank's net income of \$829m was 36 per cent higher than the \$609m of a year ago (before an accounting change which reduced reported earnings to \$553m).

Results of leading US banks (first quarter)

	Net income (\$m)		Earnings per share (\$)		Return on equity (%)		Assets (\$bn)
	1995	1994	1995	1994	1995	1994	
Citicorp	829	553	1.53	1.12	18.2	16.7	269
NationsBank	443	417	1.60	1.52	16.0	12.8	184
Chemical	*385*	*319*	*1.46*	*1.13*	*15.5*	*12.2*	*185*
JP Morgan	255	345	1.27	1.89	11.1	14.7	167
Chase Manhattan	260	364	1.28	1.79	13.4	20.2	121
BancOne	303	327	0.75	0.79	16.6	17.8	88

Other money centre banks, meanwhile, turned in mixed results. Bankers Trust, which recently predicted a loss for the quarter, was due to report earnings later in the day. Chemical Banking's 21 per cent increase in net income in part reflected a lower provision for credit losses, which was \$85m lower than a year before, at \$120m, and a \$85m gain from the sale of a subsidiary.

Chemical's trading profits, meanwhile, fell by \$129m to \$56m, as the bank said it was hit by falls in the emerging market debt instruments and the dollar.

Both Chemical's revenues and costs slipped by 2 per cent from a year before, to \$2bn and \$1.2bn respectively, as the New York bank pushed ahead with expense reduction plans.

Like many other banks, Chemical registered a sharp rise in loans in the US, thanks to an 18 per cent increase in consumer lending. However, its overall lending margin fell to 3.48 per cent, from 3.59 per cent a year ago, because of narrower loan spreads and higher interest rates.

Regional banks, meanwhile, generally eked out further profit advances on the back of lower loan loss provisions and a tight hold on costs. With net interest margins showing further signs of deterioration in the face of higher interest rates and greater competition for loans, revenue growth remained sluggish.

BancOne, based in Columbus, Ohio, said its loans outstanding grew 14 per cent from the previous year, once one-off factors are removed. Like several other bank chairman, though, Mr John McCoy of BancOne said that there had been no signs of weakening credit quality on the back of the rapid loan growth.

US bank regulators, on the other hand, had expressed increasing concerns about the credit quality implications of the lending boom. The Office of the Comptroller of the Currency, which oversees nationally chartered banks, recently launched an investigation into the loan portfolios of institutions it regulates.

The best returns so far among regional banks have come from California, where First Interstate and Wells Fargo have confirmed the state's economic turnaround with strong earnings gains. First Interstate, which published results on Monday, and Wells Fargo reported a return on equity of 26 per cent and 27 per cent respectively.

Wells Fargo's after-tax profits of \$233m, or \$4.41 a share, were up from \$202m, or \$3.41 a share, a year ago, thanks in part to a lower tax charge. First Interstate benefited from higher loans and an improvement in its net interest margin, against the trend for other banks. Its after-tax profits rose to 215m, or \$2.70 a share, from \$169m, or \$2.03 a share, a year ago.

BankAmerica, California's biggest bank and the country's second largest, is due to report earnings later today.

Chase Manhattan yesterday lifted its quarterly dividend for the third time in little more than a year, to 45 cents, a rise of 5 cents and up from 30 cents a share before the first increase in January 1994, writes Richard Waters. The move was an apparent response to the bank's biggest shareholder, Heine Securities, which this month urged the bank to do more to lift returns to shareholders.

Mr Thomas Labrecque, Chase chairman, stressed the bank'a confidence in its "integrated business strategies" – an apparent response to Heine, which had hinted in a regulatory filing that Chase should sell some of its operations. Chase's shares traded at \$44¾ at lunchtime, up \$2¼ on the day.

Mobile phones give Sprint and GTE a boost

By Tony Jackson in New York

Sprint and GTE, two leading US telephone companies, reported steady earnings growth of 9 per cent and 8 per cent respectively for the first quarter. Both recorded growth in mobile phone customers of about 50 per cent.

Mr Arthur Krause, Sprint's chief financial officer, said the results were "particularly gratifying" in the light of increased competition across the group's markets. In long-distance telephony, where the company has been in an aggressive marketing war with its bigger rival *AT&T* and with *MCI*, operating income rose 9 per cent to \$155m.

Mr Krause said this was noteworthy "during a period when our largest competitor was drawing deep into its marketing arsenal". Sprint said that while its growth in long distance had been at about the market rate in the first quarter, it expected to exceed that in the rest of the year.

The number of Sprint cellular customers grew 55 per cent to 1.1m. Sprint said this was the 10th successive quarter in which year-on-year growth had exceeded 50 per cent.

Sprint's earnings for the quarter were \$224m, or 61 cents a share, on revenues up 8 per cent at \$3.3bn. Mr Krause said there was "no new news" on Sprint's pending deal with France Telecom and Deutsche Telekom. "We continue to move towards a definitive agreement," he said.

GTE, the largest local telephone company in the US, raised net income by 8 per cent to \$545m, or 56 cents a share, on revenues flat at \$4.8bn.

Mobile phone customers in the US rose 46 per cent to 2.5m, and the company acquired four licences in the recent government auction of personal communications services.

Operating profit from basic telephone operations rose 3 per cent to \$1.06bn. Profit from telecoms products and services, including cellular, rose 37 per cent to \$127m.

● Three of the Baby Bell phone companies – Ameritech, BellSouth and SBC Communications – have formally launched a multimedia venture with Walt Disney.

Announced last August, the venture will receive \$500m of funding from its partners over the next five years. It will provide entertainment and interactive programming for distribution by the phone companies, which operate 50m phone lines in 19 states.

Barrick Gold plans expansion programme

By Bernard Simon in Toronto

Barrick Gold, which claims to be the world's most profitable gold producer, has outlined an expansion programme that it says will not weaken its financial muscle.

Executives told the annual meeting in Toronto yesterday that capital spending would total US\$380m this year, with about 40 per cent earmarked for the El Indio belt in central Chile.

However, cash flow from Barrick's 11 mines in North and South America is expected to exceed \$500m this year and rise further in 1996. This compares with \$376m in 1994.

Barrick, controlled by Mr Peter Munk, a Canadian entrepreneur, lifted first-quarter earnings to \$71.1m, or 20 cents a share, from \$60.4m, or 21 cents, a year earlier. The decline in per-share earnings reflects shares issued last year in part payment for the acquisition of Lac Minerals, the Canadian gold producer.

Revenues climbed to \$300m from \$187.3m. Gold output rose to 710,400 ounces from 452,000 ounces, largely due to the addition of Lac's mines and higher production from the flagship Goldstrike property in Nevada.

Profit growth was dampened by higher depreciation charges, and by Lac's relatively high-cost mines in Canada and the US, which pushed up operating costs to an average of \$187 an ounce from \$160.

Barrick said that "extensive work" was under way to improve these mines' underground operations and processing facilities. It predicted higher output and lower costs for the rest of this year.

Cash reserves totalled \$510m on March 31, up from \$458m three months earlier. The debt-to-equity ratio remains low at 0.15 to 1.

Mr Bob Smith, president, said Barrick would invest about \$500m over the next three years at El Indio, including the provision of infrastructure. It has begun an exploration drilling programme in north-west Quebec.

Sales growth, weak dollar help lift US drugs groups

By Richard Waters

Strong volume growth, against a background of steady or falling prices, led to earnings gains at some of the biggest US pharmaceuticals and healthcare companies during the first three months of the year.

They also benefited from a weaker dollar, which helped the rise in reported sales outside the US.

US pharmaceuticals companies

	Sales (\$m)	Increase (%)	Net income (\$m)		Earnings per share (\$)	
			1995	1994	1995	1994
Pfizer	2,403	21	420	371	1.35	1.18
Eli Lilly	1,717	31	393	330	1.36	1.14
Upjohn	809	1	151	135	0.85	0.76
Johnson & Johnson*	4,496	22	654	544	1.02	0.85

** Johnson & Johnson sales: 33 per cent pharmaceuticals, 32 per cent consumer products, 35 per cent professional devices.*

Johnson & Johnson, the biggest diversified healthcare group in the US, beat market expectations with a 22 per cent rise in sales and a 20 per cent increase in after-tax profits for the quarter. The news lifted the shares \$2 yesterday morning, to \$62½.

The growth came as price rises during the period were held to 1 per cent, said Mr Ralph Larsen, chairman and chief executive. While currency translation added 4 per cent to reported sales, and the figures were flattered by acquisitions, "the primary factor was strong sales from new products in the professional and pharmaceutical segments", he said.

Sales in the US were up 18 per cent from a year before, to \$2.2bn, while sales elsewhere jumped 26 per cent to \$2.3bn.

Pharmaceuticals sales rose 25 per cent. Sales in the professional area climbed 29 per cent, partly due to an acquisition, and revenues from consumer products advanced 12 per cent.

Meanwhile, at Pfizer there was continued growth attributed to a number of successful drug launches in the US and overseas. These helped lift after-tax earnings 13 per cent from a year before.

Sales growth would have been limited to 15 per cent, had it not been for the acquisition of SmithKline Beecham's animal health business, Pfizer said.

The advance in sales was driven entirely by volume growth, said Mr William Steere, chairman and chief executive. The weakness of the dollar contributed 3 percentage points to overall sales growth, but this was offset by lower prices as governments outside the US sought to cut their healthcare bills, the company said.

While US sales rose 17 per cent, sales elsewhere in the world were up 24 per cent. The difference in growth rates was due to the translation effects of the weaker dollar.

Among the company's biggest products, sales of Norvasc and Cardura, both treatments for hypertension, were up 73 per cent and 21 per cent respectively; sales of Zoloft, a treatment for depression, climbed 51 per cent; sales of Zithromax, an antibiotic, were up 120 per cent; and sales of Difulcan, an anti-fungal, rose 26 per cent. Meanwhile, revenues from Procardia WL, a cardiovascular drug, dropped 2 per cent.

Eli Lilly, which reported first-quarter results on Monday, also benefited from volume growth and the fall in the dollar.

The decline in the US currency added 3 per cent to reported sales, while lower prices around the world reduced revenues by 1 per cent, the company said.

Lilly's advance was led by higher sales of Prozac, its anti-depressant, which recorded a 36 per cent increase in revenues in the quarter, to \$457m. The company said it expected further growth from Prozac this year, though at a slower pace.

Lilly's revenues also benefitted from the purchase of PCS, a pharmacy benefit manager, which recorded revenues of \$63m in the quarter.

Upjohn registered a 15 per cent fall in US sales during the first three months because of competition from generic drug makers. This was offset, though, by a 24 per cent increase in sales elsewhere, which took sales outside the US to 49 per cent of the total.

CIBC plans to acquire Argosy

By Bernard Simon in Toronto

Canadian Imperial Bank of Commerce plans to buy Argosy Group, a New York-based investment firm which specialises in the high-yield junk bond market.

The purchase is part of an aggressive drive by CIBC to expand its global capital markets business into three non-*traditional areas* – derivatives, loan securitisation and high-yield debt.

CIBC declined to reveal the terms of the Argosy acquisition, which will be channelled through Wood Gundy, its investment banking subsidiary.

Argosy is a partnership which was started in 1990 and currently has about 52 employees. The business arranged about US\$500m in high-yield financing last year.

CIBC has already set up a sizeable derivatives group in New York around a group of traders whom it hired from Lehman Brothers, the US investment bank.

Earlier this month, the bank recruited a number of Chemical Bank employees for its expanding derivatives operation in London.

CIBC, which is Canada's second biggest financial institution, said that its new high-yield debt operation would initially focus on the North American market but that "opportunities will be pursued on a worldwide basis in the near future".

INTERNATIONAL COMPANIES AND FINANCE

Philip Morris ahead 16% as sales of cigarettes rise

By Richard Tomkins in New York

A big increase in cigarette sales at home and abroad helped Philip Morris, the US tobacco and food group, produce a 16 per cent rise in first-quarter net earnings, to $1.36bn, excluding the effect of accounting changes.

The biggest boost to profits came from the international tobacco division, where the number of cigarettes sold rose 15 per cent to 156bn and operating profits rose 20 per cent to $950m. Central and eastern Europe were particularly strong contributors to the growth.

The next best performance came from the domestic tobacco division, where Philip Morris countered a decline in overall industry volumes by increasing market share. The number of cigarettes sold rose 1.7 per cent to 50.5bn, and operating profits climbed 14 per cent to $874m.

The food and beer divisions grew less rapidly than the tobacco businesses, but still improved their performance. International food lifted operating profits 8 per cent to $262m; North American food increased operating profits by 5 per cent to $671m; and at Miller Brewing, operating profits were up 11 per cent to $114m.

In the last few months, Philip Morris has sold The All American Gourmet Company and Kraft Foodservice, both of which used to operate within its North American food division.

Excluding their contributions, the group's net income on continuing operations would have risen 17 per cent to $1.37bn.

Group revenues on continuing operations were 10 per cent ahead at $16bn, while earnings per share, boosted by heavy stock repurchases, rose 19 per cent to $1.60, excluding divested businesses and accounting changes. This last figure was slightly above expectations, but in early trading the shares eased $⅝ to $67 on profit-taking.

Yesterday's figures marked the fourth successive quarter of double-digit earnings growth for Philip Morris since it started to bounce back from the effects of Marlboro Friday – the day in April 1993 when it slashed the prices of its premium cigarette brands in the US to win back market share.

In the US, the tobacco industry's shipments were 4.7 per cent down in the first quarter because wholesalers reduced stocks.

Philip Morris, however, saw higher sales because its share of total industry shipments rose to a record 46 per cent, up 2.9 percentage points from the year-ago figure.

Margins also improved because premium-priced cigarettes such as Marlboro continued to claim a greater share of Philip Morris' US volume mix, accounting for 82.2 per cent of the group's shipments, compared with 79.2 per cent a year earlier.

In spite of the group's strong financial performance and recent increases in its share price, Philip Morris faces the possibility of a rebellion from one of its biggest shareholders, the California Public Employees' Retirement System, at its annual meeting next week. Calpers is angry at directors' refusal to meet institutional investors to discuss issues such as a possible break-up.

See Lex

Videotron settles contract claim

By Robert Gibbens in Montreal

Videotron, the international cable-TV, telecommunications and broadcasting group, has settled pending litigation with Transworld Telecommunications, based in Salt Lake City, including a claim of almost C$600m (US$436m) by the US company alleging breach of contract.

Transworld and Videotron, through a US subsidiary, set up a 50:50 joint venture, Wireless Holdings, in 1993 to buy and develop wireless cable networks in the US.

A dispute arose over Videotron's plans to acquire OpTel, a New York-based wireless cable TV business.

A new agreement settles the terms of financing the joint venture and other disputed areas, and Transworld has rescinded its request for dissolution of the joint venture, said Videotron.

Intel beats Wall St forecasts as sales top $3.5bn

By Louise Kehoe in San Francisco

Intel's first-quarter earnings were well above Wall Street expectations as strong demand for the semiconductor manufacturer's Pentium microprocessors, the "brains" of the latest generation of personal computers, boosted revenues to a record $3.56bn.

Sales were 34 per cent up on the same period last year when Intel recorded revenues of $2.66bn. The company said revenues of its Pentium microprocessors exceeded those of the older generation of 486 chips for the first time.

Net income for the quarter rose 44 per cent to $889m, or $2.04 a share, from $617m or $1.40 in the 1994 first quarter. Pre-tax earnings were boosted by about 12 cents a share by gains of $58m from the settlement of litigation with Advanced Micro Devices, a competing chip maker, and $33m from the sale of part of Intel's stake in VLSI Technology, a speciality chip maker.

Even accounting for these items, Intel's earnings were much higher than analysts had expected. The consensus Wall Street projection was $1.65 a share.

Strong sales of Pentium chips suggest Intel has not suffered any fall in demand for its chips in spite of being forced to announce a flaw in the high performance microprocessor in the fourth quarter. Intel has since corrected the problem.

The world's largest chip manufacturer, Intel appears to be moving ahead of competitors in manufacturing capacity and technology.

"We have invested more than $7bn in the past five years to expand and update our factories, giving us the ability to deliver advanced processors in high volume," said Mr Andrew Grove, Intel president and chief executive. "Currently, Intel is the only company producing microprocessors in volume with 0.35-micron process technology." This year Intel plans to invest an additional $3bn in plant and equipment.

The company said that new production technology would reduce the size of Pentium chips by about 50 per cent, increase the speed at which Pentium processors operate and reduce energy consumed by the processors.

● Sun Microsystems, the leading computer workstation manufacturer, also outstripped Wall Street expectations with record earnings for its third fiscal quarter. Booming sales of computers linked to the Internet and corporate networks drove sales to an all-time high for the Silicon Valley company.

Revenues were $1.5bn, up from $1.2bn last time. Net income increased 87 per cent to $107.5m, or $1.09 a share, up from $57.5m or 60 cents a share in the year ago quarter. For the year to date, Sun recorded revenues of $4.3bn, up 29 per cent from $3.3bn in the same period last year. Net income for the nine-month period was $227.5m, or $2.32 a share, a rise of 93 per cent compared with $117.9m or $1.21 a share.

Sara Lee may bid for PacDun food assets

By Nikki Tait in Sydney

Sara Lee, the Chicago-based food and consumer products group, is considering whether to bid for some or all of the food assets put up for sale by Pacific Dunlop, the Melbourne-based conglomerate.

The interests – including local use of brand names such as Edgell, Bird's Eye and Yoplait, said to be worth about A$850m (US$629.5m) – represent the second largest assembly of food assets in Australia. However, they have made a disappointing return on sales since PacDun acquired them four years ago.

Sara Lee yesterday stressed that its review of the PacDun brands was standard procedure when assets of such importance came on to the market. It played down the likelihood of it bidding for Pacific Brands Food as a whole.

It also denied speculation it might consider an asset swap with PacDun, involving the exchange of its Australian textile interests for the food businesses.

"We have no intention of disposing of any of our apparel businesses," Sara Lee said yesterday.

There has been speculation over the likely bidders for the PacDun food businesses since the Australian group last week announced plans to sell them as part of group restructuring.

PacDun said last week it had received "preliminary approaches" for the businesses, mainly from international buyers, and US or Europe-based food multinationals have since been touted as potential bidders. Some, including Heinz and Nestlé, have said they would review the acquisition possibilities.

Sara Lee's existing food and beverage sales in Australia are about A$150m a year; the PacDun food businesses have annual turnover of just under A$1bn.

Pacific Telesis expands with $175m TV buy

Pacific Telesis, the US phone group, is buying CarlCross Country Wireless, a wireless video broadcast company based in southern California, in a $175m deal that gives the West Coast regional telephone group a start in a growing television business, Reuter reports from Los Angeles.

Cross Country holds licences and rights to provide wireless video by microwave in Los Angeles and Orange Counties, Riverside and San Diego.

Using the Cross Country licences, PacTel will provide, via digital transmission and compression technology, 100 channels of programming in Riverside, which covers 5m people, competing directly against local cable television providers.

PacTel has been active in expanding out of its basic telephone business and into television in recent months. With Bell Atlantic and Nynex, it recently joined a company to produce video programming, in a venture headed by Mr Michael Ovitz, the Hollywood talent scout.

The programming venture with Mr Ovitz will take some time to produce new products, but the wireless broadcasting deal will launch new services soon. Under the deal, PacTel will pay $120m to acquire Carl-Cross's stock and $55m to retire debt.

An operation will begin in Riverside this summer, pending regulatory and court approval. The wireless television service will include Home Box Office, pay-per-view movies and events, and educational programming, PacTel said.

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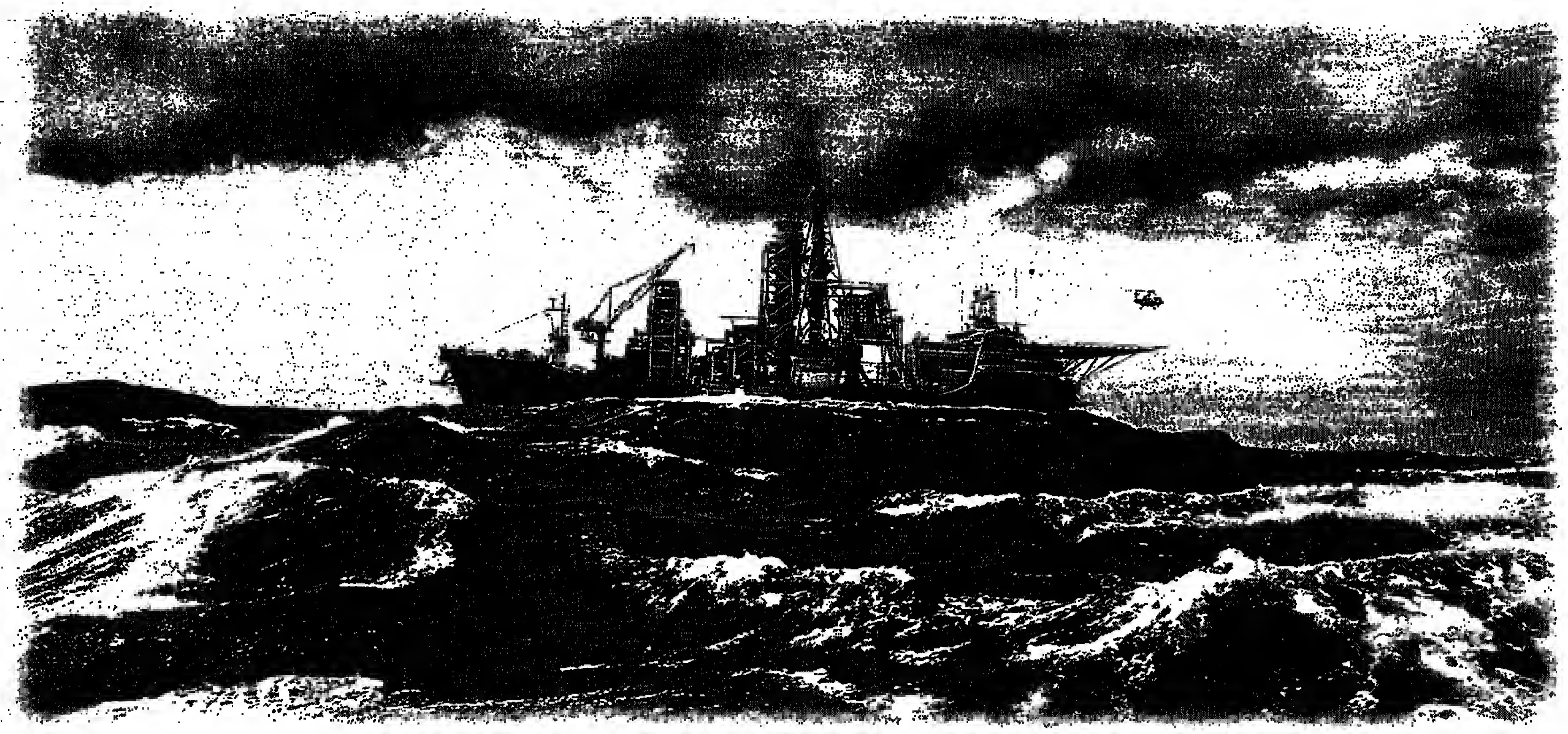
De Beers – expertise that keeps the diamond industry on an even keel



The Grand Banks, one of Debmarine's pioneering fleet of seven deep sea vessels. Last year, 407,000 carats, representing 31% of Namdeb's total production, were recovered from the sea bed off Namibia at depths of over 100 metres.

Points from Julian Ogilvie Thompson's 1994 Chairman's Statement

"World demand for diamonds is stronger and more firmly established than it has ever been. Co-operation between all the major producers is in the interests of all. If De Beers must face stormy seas, we are far better equipped technically, financially and by our long experience to ride them out than ever before, and more than anyone else in this fascinating and complicated industry."

Harry Oppenheimer's retirement speech, 1994.

De Beers, with its equal partners in Botswana and Namibia, is the largest producer of gem diamonds in the world. It is also the only one dedicated exclusively to the mining and marketing of diamonds and to the stability of the whole diamond industry. Managing 18 mines in four countries, it remains the world's leader in diamond technology. Its techniques are applied not only to opencast, underground and beach mining, but also to deep sea mining operations.

The industry continues to benefit from our equal partnership with the Botswana Government which has a sophisticated understanding of the diamond industry, as important to that country as it is to De Beers. We especially value its whole-hearted support of the Central Selling Organisation (CSO). In the restructuring of CDM into Namdeb Diamond Corporation, we have entered into an equal partnership with the Namibian Government. Namdeb's mining rights have been extended, initially for 25 years, and its diamonds will continue to be sold through the CSO.

Through its continued pre-eminence as diamond producer, and its role as the marketer of world diamond production, De Beers makes a sizeable contribution to the Southern African economic region, particularly to employment, income generation and skills development in Botswana and Namibia as well as South Africa.

Under an agreement with the Tanzanian Government, our holding in Williamson Diamonds has been increased to 75 per cent. Negotiations with Angola on buying, prospecting, mining and marketing are at an advanced stage and should contribute to economic recovery in the country once peace is restored. Prospecting activities continue in four continents, with some encouraging results.

World sales of diamond jewellery showed robust growth in 1994, rising by four per cent in dollar terms to a new record. Trading in rough diamonds, however, was disrupted by massive sales of Russian diamonds, often at discounted prices, by-passing the CSO. In the circumstances, financial results were satisfactory and encouraging. Combined profits attributable to De Beers and Centenary were just seven per cent lower at $555 million, and equity accounted earnings declined by five per cent to $828 million.

Demand for diamond jewellery is growing all over the world and it is that world market which De Beers, acting on behalf of the entire industry, is so well qualified to reach. Whilst prospects remain encouraging, the stability, confidence and prosperity of the industry will depend on continued co-operation between the major producers and on an orderly reduction of stocks which have been accumulated in the past, in Russia and elsewhere. The CSO will conduct its business, as it always has, to maintain that stability, confidence and prosperity.

The full Chairman's Statement with the Annual Reports of the two Companies for the year ended 31st December 1994 has been posted to registered shareholders. Copies may be obtained by writing to the London Secretary at the address below.

De Beers

The heart of the diamond industry

De Beers Consolidated Mines Limited (Incorporated in the Republic of South Africa), London Office: 19 Charterhouse Street, London EC1N 6QP.
De Beers Centenary AG (Incorporated under the laws of Switzerland), Head Office: Langensandstrasse 27, CH-6000 Lucerne 14, Switzerland.

INTERNATIONAL COMPANIES AND FINANCE

Japanese aircraft makers agree Boeing venture

By Gerard Baker in Tokyo

Three Japanese aircraft manufacturers have reached a basic agreement with Boeing of the US for joint production of the upgraded version of the Boeing 737 small passenger jet.

Mitsubishi Heavy Industries, Kawasaki Heavy Industries and Fuji Heavy Industries said yesterday work on the project could begin early next year.

Mitsubishi is to make flaps for the aircraft's wings; Kawasaki will be responsible for the ribs used to support the wing structures; and Fuji will produce tail elevators.

Boeing will be in charge of the aircraft's overall design and development.

The Japanese manufacturers have a long record of collaboration with US companies. Since the early 1980s, successive consortia of aircraft makers have been producing bodies and components for the Boeing 767. Now they are involved in production of about 20 per cent of the 777.

In the military field, several companies are developing a fighter aircraft, the FSX, modelled on the US F-16.

In spite of efforts by the Japanese government to reduce its dependence on the US aerospace industry, the country's latest aircraft project, a small passenger jet code-named the YSX, is also likely to be a joint exercise with Boeing, contrary to early plans for a fully independent development.

San Miguel to acquire Procter unit

By Edward Luce in Manila

San Miguel, the Philippine brewery and consumer group, is to buy Procter & Gamble's Philippine margarine business for 1.35bn pesos ($51.7m).

Mr Andres Soriano, San Miguel chairman, told the annual meeting yesterday the acquisition of P&G's Dari-Creme and Star Margarine brands would help the company in its goal to be one of Asia's largest consumer companies.

"This is clearly a major strategic acquisition that will provide our food business an area for further growth," he told shareholders.

Last month, the Philippine company, which recorded net profit of 4.93bn pesos last year, announced an aggressive 40bn peso expansion plan which includes the purchase of breweries in China, Vietnam and India.

Procter & Gamble (Philippines), which had a turnover of 7.5bn pesos in the Philippines last year, said it had decided to sell its margarine business as part of a long-term review of local operations.

"Almost all of our focus in the Philippines is on the laundry and personal hygiene side of the market," said Mr Edmundo Imperial, corporate director of P&G in Manila.

Petron set to expand in refining

By Edward Luce

Petron, the Philippines' largest petrol refining company, is to double its authorised capital to 10bn pesos ($383.9m). The plan, which will enable the company to undertake 4.5bn pesos in capital investment, was approved at the annual meeting.

Petron, sold off last year in the Philippines' largest privatisation, revealed plans to build a second 26bn pesos petrochemical refinery in the next five years to strengthen its position in an increasingly competitive market. The Philippine energy sector is to be fully liberalised by 1997.

Under the expansion plan Petron, which controls 45 per cent of the Philippine petrol refining market, would improve its refinery in Bataan, increasing its capacity from 155,000 barrels of oil a day to 180,000 b/d by 1997.

The balance of the 4.5bn pesos would go towards building bulk plants and terminals in Batangas, Misamis Occidental and Northern Samar, the company said yesterday.

The former state company, which refined 54m barrels of oil in 1994 and posted a net profit of 3.74bn pesos, declared a stock dividend of 25 per cent earlier this year at a cost of 1.25bn pesos.

Australian aerospace group goes to Rockwell

By Nikki Tait in Sydney

Rockwell, the US defence and aerospace group, has been selected by the Australian federal government as the preferred buyer of its 100 per cent-owned AeroSpace Technologies of Australia business.

The two parties are aiming to reach a deal by the end of June. The purchase price will not be disclosed until then, although there has been speculation that it will be much less than the A$300m (US$222m) touted last year when the privatisation of ASTA was confirmed. It may even be under A$100m.

ASTA, which employs around 1,450, was born out of the former Government Aircraft Factories and reconstituted as a government business enterprise in 1986.

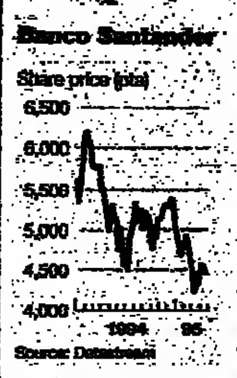
Its business has traditionally consisted of making components for aerospace manufacturers such as Boeing and McDonnell Douglas, and the supply of aircraft services.

However, the federal government made clear yesterday that the ASTA Aircraft Services subsidiary and New Zealand-based Pacific Aerospace Corporation would not be part of the Rockwell transaction, but rather subject to "separate strategies". The ASTA-owned Avalon Airport is also excluded.

Rockwell is involved in several Australian defence programmes.

NEWS DIGEST

Banco Santander first in Spain with telephone bank



Banco Santander, Spain's leading banking group, stole another march on its competition yesterday when it launched Open Bank, the domestic sector's first telephone bank, with capital of Pta8bn ($65m), writes Tom Burns in Madrid. Ms Ana Maria Llopis, Open Bank's chief executive, said the new unit aimed to have deposits of Pta11bn and 17,000 clients by the end of this year, and deposits of Pta158bn and 158,000 customers within five years.

Open Bank, modelled on Midland Bank's pioneering First Direct in the UK, represents a break with traditional strategy in Spain built on large branch networks.

Ms Llopis said the habits of bank customers were changing fast, as shown by the growth of the credit card business and automatic telling machines.

Analysts believe direct banking in Spain could draw some 500,000 clients, the majority from Madrid and Barcelona.

Banco Santander already offers a telephone banking service to its clients, as do Bankinter and the Argentaria group's BEX unit. Open Bank, however, is the first domestic bank to base its business exclusively on telephone banking.

● Banco Español de Crédito (Banesto), acquired by Banco Santander in April last year, posted a consolidated net profit of Pta4.7bn in the first three months of this year. Banesto posted consolidated losses of Pta13.3bn in the first quarter of 1994.

LTCB faces Moody's debt downgrade

Moody's Investors Service, the US credit rating agency, said yesterday it was reviewing for possible downgrade its rating of the debt of the Long-Term Credit Bank of Japan, one of Japan's largest banks, writes Gerard Baker in Tokyo.

LTCB enjoys an A3 rating from Moody's on its long-term deposits and senior debt, and a Baa1 rating on guaranteed subordinated debt.

However, the agency said concerns about LTCB's increasing asset quality problems, weak profitability, and the possibility of the bank being obliged to play a greater role in resolving the broader problems in Japan's financial system, had prompted the review.

LTCB last week announced it was taking a Y49bn ($588m) charge on non-performing loans at one of its troubled affiliated companies.

Mr Tetsuya Horie, the bank's president, last month announced his resignation over the bank's role in the collapse of a small financial institution. The Tokyo Kyowa credit association was controversially rescued by the Bank of Japan in December last year, with LTCB contributing Y20bn to the cost.

Upbeat Abitibi restores common share payout

Abitibi-Price, the North American newsprint producer, is restoring common share dividends for the first time since early 1993, and forecasts its best year since 1988, writes Robert Gibbens in Montreal.

Abitibi reported first-quarter net profit of C$30m (US$21.9m), or 34 cents a share, against a loss of C$40m, or 86 cents, a year earlier. Sales were ahead to C$611m from C$471m. Most of the improvement came from the recovery in newsprint prices, which should reach US$675 a tonne on May 1, after a recessionary low of US$411.

It was the second successive profitable quarter for Abitibi, which has been restructuring over the past two years. Mr Ron Oberlander, president, said in spite of higher costs for many materials, Abitibi should have its best year since 1988, when it earned C$191m.

Eltin buys contracting operations of rival

Eltin, the quoted Western Australian mining contractor, is to acquire the core contracting operations of competitor Roche Bros for A$105m (US$77.7m). It claims the merger will create the largest contract mining business in Australia, accounting for about 30 per cent of all open pit activity, writes Nikki Tait.

Included in the deal is plant and equipment in Hong Kong, which account for A$31.75m of the purchase price.

Eltin, which recently announced plans to sell its 51 per cent interest in the Sasigne gold mine near Carcassonne in France to Coeur d'Alene Mines of the US for US$35m, said the Roche deal would be funded through a mix of cash and shares. The cash element will be A$72.5m, with the remainder in Eltin shares.

Special dividend from Australian mining group

Energy Resources of Australia, the listed uranium mining group controlled by the Melbourne-based North group, is to pay a special dividend of 62.5 cents a share to A and B class shareholders, writes Nikki Tait.

It will also issue bonus shares to C class shareholders.

North, which holds a 66.3 per cent interest in ERA and is entitled to A$170m under the dividend arrangements, has said it will reinvest at least 90 per cent of this in ERA shares. Some B class shareholders have indicated they will do the same, limiting ERA's potential cash outflow to A$35m.

Ipsco turns in strong advance for quarter

Ipsco, western Canada's principal steelmaker and processor, posted first-quarter net profit of C$23.1m, or 85 cents a share, up 78 per cent from C$13m, or 48 cents, a year earlier. The result was also 10 per cent better than the final quarter of 1994. Sales were almost C$200m, up 3 per cent from a year earlier, writes Robert Gibbens.

The steel-making plants continued at a high operating level, but the pipe mills were less active because of lower demand from the oil and gas industry in Canada and the northern US. Ipsco is building a C$325m steel mill in the US.

North American demand for raw steel had peaked, Ipsco said, but demand in Europe and Asia was strong, absorbing world supply that would otherwise be imported to North America. However, overall Ipsco expected a strong performance for the rest of the year.

Record sales at Indian chemicals producer

Indian Petrochemicals Corporation, one of India's largest public sector companies, lifted net profits to Rs5.02bn ($160.1m) in the year ended March 1995, from Rs890m last year, writes Shiraz Sidhva in New Delhi.

Sales jumped to Rs31.44bn, a record and a 46 per cent increase over last year's Rs21.54bn.

The petrochemicals group, which is partly privatised and listed on the Bombay Stock Exchange, showed a rise of 101 a cent in gross profits, to Rs8.35bn, which it attributed to the cyclical upswing in the industry.

Analysts, who expected the company's profits to stay below Rs4.5bn, attributed the better results to firming prices on the international polymers market.

Mr K. G. Ramanathan, chairman and managing director, said yesterday a consistently high-capacity use of the company's petrochemicals complexes at Baroda in Gujarat, and an improvement in operations at its Nagothane complex, had lifted production volumes by 110,000 tonnes.

Aggressive marketing and effective cost controls had contributed to the improved results, Mr Ramanathan said.

The company plans to expand at Baroda and Nagothane, and is building a third cracker plant at Gandhar in Gujarat. The first phase of the plant is nearing completion, at a cost of Rs5.77bn.

Co-Steel studies mill project in east Asia

Co-Steel, which operates mini-mills in North America and the UK, is considering expansion in east Asia, writes Robert Gibbens.

The new mini-mill would be a joint venture with two other steelmakers, producing hot-rolled sheet and located in Malaysia or Thailand, said Mr William Shields, chief executive.

Co-Steel, a pioneer of electric-furnace mini-mills, posted first-quarter net profit of C$22.1m, or 73 cents a share, up from C$20.7m, or 68 cents, on revenues ahead to [illegible] from C$281m.

Mr Shields said the order book was full for the second quarter and he expected 1995 profits to be better than those for 1994, before special items.

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ETBA

HELLENIC INDUSTRIAL DEVELOPMENT BANK S.A.

MINISTRY OF INDUSTRY, RESEARCH & TECHNOLOGY

ANNOUNCEMENT

CONCERNING THE SALE BY PUBLIC AUCTION OF A MAJORITY BLOCK, UP TO 100%, OF SHARES OF HELLENIC SHIPYARDS S.A. (SKARAMANGA).

A. The Economic Environment

According to the latest OECD report, Greece, during the past eighteen months, has regained its credibility in the world economy.

As a direct result of recently introduced macro-economic policies, Greece is experiencing a rapid decline in inflation: a tangible decrease in public deficits: a substantial increase in foreign currency reserves, and a continuous growth in both public and private investment.

These policies are providing the state with the necessary prerequisites for sustaining, developing and further strengthening the country's competitiveness in world markets.

B. Details on Hellenic Shipyards S.A.

Referring to the public auction for the highest bidder, the announcement concerning which was published on 18 January 1995 in the Greek press, and on 20 January 1995 in the Financial Times and Lloyd's List, the Hellenic Industrial Development Bank S.A. (ETBA) has the following announcements to make:

1. Decision No. 2392/1995 has been handed down by the Athens Court of Appeal concerning the settlement of the company's debts. It should be noted that according to this decision, the company's debts have been reduced by up to 98%.

2. A draft law was voted on, in a plenary session of the Greek parliament, "for the transfer of a portfolio of shares of Hellenic Shipyards and other dispositions" and has already become law. The main issues resolved by this are:

a) The legitimisation of buildings and installations owned by the company and not licenced by the Town Planning Department. The company has also been granted the right of free and exclusive use of the coast and the strip of land between the old and the new coastline created by landfills.

b) The settlement of all pending matters referring to the frigate-building programme for the Hellenic Navy.

c) The assumption by ETBA and the state of the responsibility for payment of compensation to any shipyard personnel that might be unable to continue their employment with the company immediately after the transfer of shares.

d) Exemption from all taxation that might occur following the signature of the share transfer agreement and the exemption of any relevant transactions that might ensue from taxes of any kind, duties, legal claims, etc. by the state or by a third party.

3. Extension of the time limit for the submission of offers to 1400 hours on Wednesday, 3 May 1995. It should be noted that there will be no further extension of this time limit.

4. Hellenic Shipyards at Skaramanga are the largest in Greece and the largest shipbuilding and shiprepair yard in the Eastern Mediterranean, occupying an area of 832,000 square metres and with building installations covering 83,000 square metres.

The installations include:

- 2 drydocks of 500,000 dwt. and 250,000 dwt. capacity
- 3 floating docks with capacities of 72,000, 60,000 and 37,000 dwt.
- Hoisting machinery and tugboats
- A building berth (200m x 28m) for the construction of vessels up to 40,000 dwt.

Hellenic Shipyards also offer a full range of repair services for all types of vessels.

Programmes currently under way

a) The construction of three MEKO-200 class frigates
b) A weapons programme for patrol vessels built for the Hellenic Navy, and
c) The execution of contracts for the manufacture of rolling stock for the Hellenic Railways Organisation and the Athens-Piraeus Electric Railways.

A NATIONAL STRATEGY FOR GROWTH AND DEVELOPMENT

Overseas expansion halted in response to bid and regulator fears

Yorkshire Electric alters course

By Michael Smith

Yorkshire Electricity has abandoned plans to expand overseas as part of a strategic re-think which results from fears of a hostile bid and the industry regulator's review of power prices.

It has also decided to rein back plans to expand in non-core areas including telecommunications and electricity generation. The company, whose main business is power distribution, had already announced earlier this year that it was pulling out of retailing.

The company had previously been among the most outward-looking among the 12 regional electricity companies in England and Wales.

The shift in priorities follows the arrival of a new chairman, Mr Chris Hampson, a former director of Imperial Chemical Industries, and the acquisition by the market-making arm of Swiss Bank Corporation of a 6.6 per cent stake.

SBC's corporate finance arm advised Trafalgar House, the conglomerate, in its recent bid for Northern Electric, another regional power company. The bid failed after Professor Stephen Littlechild, industry regulator, re-opened unexpectedly a review of 1995-2000 prices completed only last August.

Institutions believe the SBC stake could make Yorkshire vulnerable to a hostile bid after Prof Littlechild completes his review.

Mr Malcolm Chatwin, chief executive, said yesterday that Yorkshire was not "shutting up shop" on expansion, and may look at further opportunities in gas supply, upstream gas, and niche generation markets. It was continuing with existing telecommunications and generation projects.

"However we are adopting a harder nosed edge. We are responding to shareholders who say this sector is not as stable as they thought it was because of the price review.

"It can take three, four or five years to get returns out of some diversifications, including telecommunications. Prof Littlechild's decision has caused institutions to think even more short term than before. That is a worrying trend."

Malcolm Chatwin: adopting a harder edge to expansion decisions

Mr Chatwin said the Trafalgar bid for Northern had also "caused us to rethink and reconcentrate our efforts on what we are good at".

Prior to the re-think Yorkshire was considered one of the more acquisitive of the the regional electricity companies. Last year it negotiated a £154m deal to buy 17.3 per cent of Stockholm Energi, Sweden's third-largest energy producer, but was forced to abandon the project after an effective veto from the newly-elected Stockholm city council. Yorkshire was also thwarted recently in plans to expand in Finland.

Now the company has closed its international division and redistributed the nine employees to other parts of the company.

■ EXTRACTIVE INDUSTRIES – By Michael Smith and Kenneth Gooding

Boost from better world coal prices

Results season

Round-up

For years the nationalised British coal industry had to struggle against increasingly depressed markets. Its privatised successors live in happier times.

While they will have problems increasing the UK market, particularly in the latter years of the decade, the companies are benefiting from the most significant rise in world coal prices for a decade.

This and investors' perceptions of efficiency improvements in the sector are behind the impressive performance of the UK extractive industries sector during the UK's main results season.

The best performances in the sector were put in by RJB Mining, which reported results on March 29, and Coal Investments which announces results at the end of June.

RJB raised some eyebrows when it was chosen last summer by the government to take over all of British Coal's English assets at privatisation four months ago.

Rival bidders questioned its assumptions about its future market and prices and said that it had paid too much, even if the £815m ($1.3bn) price finally negotiated was £100m less than it originally bid.

RJB has emerged successfully from the controversy even though it has had to raise, through borrowing and issuing shares, a total of £895m, more than five times its previous market capitalisation.

Shares issued at 320p last December, are now valued at 418p. Investors are increasingly warming to Mr Richard Budge, chief executive, and like the messages coming out of the company that production and sales targets are being exceeded already.

Coal Investments was less fortunate in its bids for British Coal's assets. It secured none of the five main regions on offer. However it had already taken over five pits previously closed by British Coal and it has convinced the market it can make a success of them.

Like RJB, Coal Investments is run by a man who investors respect, Mr Malcolm Edwards, a former British Coal commercial director, appears to have found coal and markets that his previous employer either ignored or did not realise existed.

The sector's performance was also helped by outstanding performances by RTZ, the world's biggest mining company, and Watts Blake Bearne, the world's biggest supplier of ball clay.

RTZ, in its first full year as a "pure" mining company after the sale of its industrial operations, achieved record profits and showed its confidence in the immediate future by boosting the annual dividend payment by 34 per cent.

Mr Bob Wilson, chief executive, said RTZ had not yet seen "the high water mark" of the recovery in demand for metals. "We can look forward to a period of impressive growth," he promised.

A 24 per cent rise in exports from its UK business helped Watts Blake increase profits before tax by 28 per cent and the dividend was lifted by 12.5 per cent. Sales to Spain and Italy were ahead last year, helped by the depreciation of sterling, while sales to the Middle East and Asia Pacific were also higher.

Gehe again hits out at bid target

By Peter Pearse

Gehe, the German pharmaceuticals wholesaler involved in a hostile bid for AAH, again attacked its target's failure to deliver value to shareholders.

The German company also bought a further 4.9 per cent of the UK pharmaceuticals wholesaler and retailer's issued ordinary share capital, bringing the total it owns to 20.8 per cent, or 18.7m shares. Adding in the 2 per cent acceptances on the original offer, Gehe now speaks for 22.8 per cent of the target.

Gehe's revised offer document, published yesterday, formally increased its hostile bid to 445p a share, valuing AAH at about £400m. It argued that its bid provided certainty, while AAH's defence only offered uncertainty.

It highlighted a series of descending forecasts for 1995 earnings per share made by Hoare Govett, AAH's broker, starting at 43.2p in July 1993 and declining to 22.2p by February 22 last. This compares with AAH's estimate of 21.5p for the year to March 31 1995.

Gehe reiterated AAH's failure to disclose its free cash flow position and to give a dividend forecast. It again pointed out that AAH had not disputed Gehe's claim that its wholesaling margins fell in the year just ended, in spite of a further fall in operating cost ratio, and argued that if AAH could project £14m cost savings in its wholesaling side, why could it not say what current year margins would be?

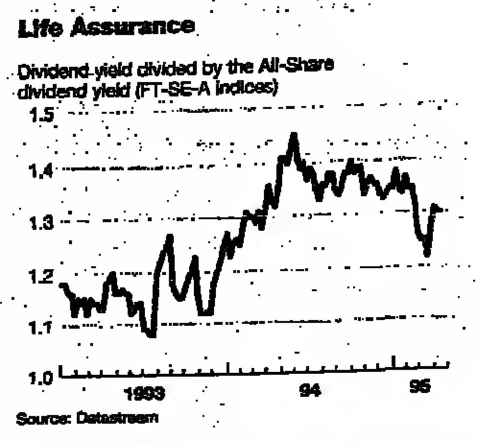
LEX COMMENT

UK life assurance

With a gain of 8 per cent, life assurance has been the third best performing sector in the UK stock market for the year to date. This is due to the resolution of the "orphan asset" question in shareholders' favour, and has nothing to do with current trading. As yesterday's first quarter new business figures from Prudential Corporation make baldly clear, the decline in the industry's domestic sales this year is set to be at least as severe as in 1994, when new business fell by 15 per cent.

The malaise is especially evident in the collapse of the Pru's pensions transfer business, which dropped from £66m to £8m, and in the unit trust and PEPs business, which more than halved. New business overall suffered from a substantial, if undisclosed, decline in productivity. This follows the advent of the new disclosure regime for life products at the beginning of the year. The red-tape is such that it takes up to twice as long to complete a sale as before, even to a willing customer. The result is lower turnover, and smaller margins.

The impact of the UK market's problems on the Pru is blunted by the scale of its overseas operations. In the full flush of recovery, the US operation delivered a welcome surge in new business in the first quarter. Those companies which are more reliant on the UK will find that current income is not enough to justify the customary, generous levels of dividend growth. Against this background, the recent revival in the sector is likely to prove short-lived and the yield premium to the market is set to rise.



Fisons and Medeva prepare to fine tune merger details

By Daniel Green and Motoko Rich

Fisons and Medeva, the drug companies which announced on Monday that they were considering a merger, are preparing for weeks of intensive talks to hammer out a deal that suits both companies.

Among the options they are likely to consider several fall short of a cash bid by Fisons. These include all or part paper offers and joint ventures in marketing or manufacturing.

Mr Christopher Fisher of Lazard Brothers, the merchant bank advising Medeva, said: "The next thing on the agenda is to work out the best terms for both sets of shareholders."

Mr Stuart Wallis, Fisons' chief executive, said the preliminary talks had been made public at a "fairly early stage" and any announcement was unlikely for a few weeks.

Fisons is still waiting for the cash proceeds of two £202m disposals in March – those of the research and development division and the scientific instruments business – and has yet to conclude the sale of is distribution business.

Mr Paul Woodhouse, analyst at stockbroker Smith New Court, said that the distribution side should fetch "about £250m".

Fisons had £207m of debt at the end of 1994, so if all the disposals go according to plan it will have more than £450m in cash by mid-summer.

But this would still leave it £450m short of the price it would have to pay for Medeva, according to several analysts.

Mr Woodhouse said the eventual deal could be similar in structure to that offered by Glaxo in its £9.1bn takeover of Wellcome: a 70 to 30 mixture of cash and shares.

See Lex

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Arlen	Yr to Dec 31 ★	29.2	(26.5)	3.16	(6.61L♣)	2.6	(13.2L)	0.4	May 23	nil	0.4	nil
Automated Security	3 mths to Feb 22	39.2	(38.8)	0.224♣	(2.58)	nil	(2.4)	-	-	-	-	-
Five Oaks	6 mths to Dec 31	2.93	(2.32)	0.964♥	(0.555♥)	0.8	(0.8)	0.3	May 31	0.2	-	0.5
Regina §	6 mths to Feb 28	0.768	(0.685)	0.155L	(0.269L)	0.19L	(0.11L)	nil	-	nil	nil	nil
Upton & Southern	6 mths to Jan 22 ☆	20.7	(14.46)	1.17L	(0.092)	1.5L	(0.3)	-	-	-	-	-
Waste Management	3 mths to Mar 31	276.7	(256)	33.7	(32.7)	5.8	(6.4)	-	-	-	-	-

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Jupiter European	6 mths to Feb 28	103.67	(129.4)	0.172	(0.154)	0.39	(0.83)	0.7†	June 6	0.7	-	1.7♦
River & Merc Extra	6 mths to Mar 31	55.5	(125.75)	1.79	(1.71)	4.8	(4.6)	1.9688‡†	June 5	1.9688	-	7.875

Dividends shown net. Figures in brackets are for corresponding period. ★Comparatives for nine months. ♣After exceptional charge. ♥After exceptional credit. †On increased capital. ♦Excludes special of 0.25p. §USM stock. ☆Comparatives restated. ‡Second interim: makes 3.9375p to date.

[illegible]	Pool purchase price	[illegible]	Pool selling price
[illegible]	9.91	[illegible]	8.75
[illegible]	[illegible]	[illegible]	9.07
[illegible]	9.82	10.17	11.20
[illegible]	10.30	10.17	[illegible]
[illegible]	9.34	8.93	10.98
[illegible]	11.30	8.93	9.96
[illegible]	[illegible]	8.90	[illegible]
[illegible]	[illegible]	8.79	8.79
[illegible]	9.90	9.15	9.18
[illegible]	8.93	8.75	8.79
[illegible]	9.92	8.80	8.80
[illegible]	6.91	8.70	8.82
0630	10.06	8.80	8.83
0700	10.36	8.82	8.82
0730	10.29	8.97	8.97
0800	11.97	8.91	11.15
0830	21.60	11.50	12.51
0900	21.61	11.42	12.61
0930	[illegible]	11.58	12.74
1000	25.71	11.57	12.73
1030	27.71	11.50	12.62
1100	35.71	11.48	12.53
1130	21.65	11.48	12.62
1200	26.72	11.49	12.64
1230	35.62	11.46	12.60
1300	35.51	11.38	12.48
1330	21.61	10.20	11.29
1400	21.60	9.04	9.04
1430	20.58	9.07	9.01
1500	13.97	9.01	9.01
1530	13.97	8.99	8.99
1600	13.82	9.07	9.07
1630	20.56	10.37	11.50
1700	21.56	10.56	11.75
1730	21.59	13.82	15.02
1800	21.53	10.75	12.01
1830	13.96	12.35	14.10
1900	10.39	22.10	24.68
1930	10.36	22.77	24.70
2000	15.79	21.08	22.62
2030	15.66	17.17	18.37
2100	33.47	11.72	12.82
2130	33.47	10.17	11.23
2200	29.84	9.00	9.00
2230	12.51	8.79	8.79
2300	12.51	8.78	8.78
2330	10.39	8.75	8.75
2400	10.00	8.75	8.75

... prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependant upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 8780 between 8.30am and 6.15pm Monday to Friday.
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COMPANY NEWS: UK

Sharelink opposition likely to be damped

By Motoko Rich

Opposition to takeover terms offered by Charles Schwab, the US discount broker, for Sharelink Investment Services, the UK telephone share dealing service, is expected to be damped by the offer document.

The document, to be published by the beginning of next week, will show the Schwab's 235p a share is fair, despite being 15p below flotation level.

During the weekend, GT, the pension fund and unit trust manager which bought shares at 140p and now owns 10.2 per cent of Sharelink, said the offer undervalued the company.

It is understood, however, that no other large shareholders have expressed dissatisfaction with the offer, which values the company at £39.7m and is recommended by the board.

Sharelink, which yesterday declined to comment, reported a £6.2m pre-tax profit for the year to March 1994 but a loss of £468,000 in the six months to the end of September.

Mr Richard Munton, a non-executive board member and director of CIN Ventures, which owns a 10 per cent stake in Sharelink, said: "My opinion is this offer represents better value for money than other foreseeable options."

Richard Munton: "This offer represents value for money"

Alco agrees Southern Business deal

Alco Standard, the US paper distributor and office equipment group that last week won the battle for Southern Business Group with a bid of 84p a share, has formally agreed to purchase the shares.

Alco said that Erskine, its wholly-owned UK photocopying subsidiary, was to buy shares representing 22.2 per cent of SBG. These include shares held by SBG directors and by the George Stewart Trust and George Stewart Children's Trust, which made irrevocable undertakings to sell the shares at the time of the bid.

Sterling bonds enter the spotlight

Antonia Sharpe finds UK treasurers may issue longer-maturity debt

Treasurers at UK companies are having an easy life these days. Stiff competition among banks is allowing them to raise large amounts very cheaply and, if the money is to fund a takeover, with total privacy.

But despite the friendly lending conditions, smart corporate treasurers are looking to diversify their sources of funding.

Since banks are generally unwilling to lend beyond 10 years, companies risk being heavily exposed to rises in interest rates if they are too dependent on short-term bank loans.

There are signs that UK corporate treasurers are looking at the eurobond market in order to re-finance existing bank loans.

The main attractions of the eurobond market are that companies can issue bonds with maturities of more than 10 years and fix the rate of interest they pay to their bondholders at the current low levels for sterling.

By replacing short-term bank loans with long-dated bonds, companies can extend the average maturity of their debt.

This has the dual benefit of reducing their exposure to interest rate volatility and freeing up credit lines with their banks.

Last week's successful £100m offering of 22-year eurobonds by Slough Estates, the UK's fifth-largest property company, has highlighted the favourable conditions available to companies who want to use long-term funding with sterling bonds.

The interest rates which companies pay on their eurobonds are calculated at a margin or "spread" over the yield on UK government bonds (gilts).

The spreads of corporate bonds over gilts have narrowed significantly in recent years because of the lack of supply.

According to IFR Securities Data, issuance of sterling-denominated corporate eurobonds dropped to £3.4bn last year from £7.4bn in 1993.

Issuance so far this year stands at £776m. Institutional investors, such as insurance companies, have a constant demand for long-dated bonds to match their long-dated liabilities.

Mr Derek Wilson, Slough's finance director, noted that the interest, or coupon, on its bond issued last week was set at 160 basis points over the 8¾ per cent gilt due 2017. This was well below the spread of 240 basis points over the gilt which it paid when it tapped the market in 1991.

The anomalous situation in the gilt market is also working in favour of corporate borrowers.

The lack of issuance of long-dated gilts by the UK government has caused yields on long-dated issues to be lower than on those with maturities of less than 10 years.

At the end of March, the difference between 10- and 22-year gilt yields stood at 12 basis points but this has since narrowed to six basis points.

Even when this anomaly corrects itself, companies are still likely to achieve aggressively low spreads in the eurobond market because of the introduction of corporate bond "personal equity plans" (PEPs) later this year.

Since so far there is only a small pool of outstanding corporate bonds, fund managers might accept a lower spread in order to get sufficient volume to set up the PEPs.

Ironically, this friendly environment comes at a time when many companies do not need to borrow heavily.

Many are flush with cash and do not plan any ambitious capital expenditure plans at this late stage in the UK economic cycle.

However, some big names are expected to emerge in the coming months either for strategic or opportunistic reasons. The most eagerly-awaited is Glaxo, the UK pharmaceutical group, which has said it will use the eurobond market to re-finance the substantial bank borrowings it took out to fund its £9.1bn purchase of Wellcome, its fellow drugs group.

Scapa buys Renfrew Tape for C$10m

Scapa Group, the industrial materials company which mainly supplies paper makers, has made its first acquisition in the North American specialist tape market with the purchase of Renfrew Tape for C$10m.

Scapa has also taken on C$7m of local debt.

Renfrew Tape has two factories, in Ontario, Canada and Watertown in New York, US, and sales of £12m a year. The deal takes annual turnover of Scapa's tapes division to more than £90m.

Mr David Dunn, Scapa chief executive, said the deal represented an important first building block in the development of a specialist tapes business in North America.

Avon Rubber buy

Avon Rubber is expanding its plastics manufacturing and non-automotive business in the US with the purchase of Pacer Tool & Plastics of New Jersey.

The $6.6m acquisition by Cadillac Rubber & Plastics, Avon's US subsidiary, will be funded through borrowings.

In 1994, Pacer had pre-tax profits of $1.9m, adjusted for non-recurring items, on sales of $7.8m.

Zeneca deal

Zeneca, the UK bioscience company, has completed the purchase of 50 per cent of Salick Healthcare, a US healthcare company, for $195m.

The deal for Salick, an operator of specialist cancer centres based in Los Angeles, is easily Zeneca's biggest since its demerger from ICI in 1993.

Salveson disposal

Christian Salvesen, the storage and distribution group, has sold its UK and US lighting equipment businesses.

Described as non-core, Light & Sound Design, based in Birmingham, and Light & Sound Design Inc, in Los Angeles, have been sold for £2m ($3.2m) to existing management, backed by clients of Murray Johnstone.

Calor joint venture

Calor Group has formed a joint venture company with MG Gas Products, a wholly owned subsidiary of Messer Griesheim of Germany.

MG Calor will offer dispense gas services to the licensed and catering trades, including the drinks dispense business of both Calor and MGGP.

MG Calor currently owns Calor's drinks dispense business, which had losses of £1.8m in 1994 and net assets of £8.06m at the year end.

MGGP will transfer its dispense gas business to MG Calor for £8.4m ($13.4m), and will acquire 50 per cent of the new company from Calor for £9.3m.

Sharp fall in Prudential new business

By Alison Smith

Subdued sales at Prudential in the first three months of this year could be the first indication of what difference the new regulatory requirement to give more information about policies is making to UK life companies.

But falls in UK new business at Britain's largest life insurer were partially offset by a sharp increase in single premium policy sales at Jackson National Life, its US subsidiary, which more than doubled to £507m.

Prudential said UK sales of single premium life, pension and investment policies were down by 20 per cent at £579m, compared with £729m in the first quarter of 1994. Sales of regular premium policies fell less sharply, but still slipped by 14 per cent to £74m.

The new requirement for life companies and independent advisers to disclose more about the policies they sell came into effect at the start of the year. Many people in the life sector feared that seeing more clearly the costs and charges associated with buying policies would deter investors.

Prudential said, however, that the main impact so far had not been that customers had decided not to buy, but that the sales process was taking longer.

The falls in new business are likely to be broadly in line with the UK life sector as a whole.

Sales of single premium personal pensions fell 65 per cent to £34m because of the drop in pensions taken by people transferring lump sums from occupational schemes.

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INFORMATION FROM THE BANK OF ENGLAND

ISSUE OF £2,000,000,000

8% TREASURY STOCK 2000

INTEREST PAYABLE HALF-YEARLY ON 7 JUNE AND 7 DECEMBER

FOR AUCTION ON A BID PRICE BASIS ON 26 APRIL 1995

PAYABLE IN FULL WITH APPLICATION		Price bid
	With a competitive bid	
	With a non-competitive bid	£102 per £100 nominal of Stock

This Stock will, on issue, be an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961. Application has been made to the London Stock Exchange for the Stock to be admitted to the Official List on 27 April 1995.

1. THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND invite bids for the above Stock.

2. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

3. The Stock will be repaid at par on 7 December 2000.

4. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Stock registered at the Bank of England held for the account of members of the Central Gilts Office (CGO) Service will also be transferable, in multiples of one penny, by exempt transfer in accordance with the Stock Transfer Act 1982 and the relevant subordinate legislation. Transfers will be free of stamp duty.

5. Interest will be payable half-yearly on 7 June and 7 December. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post. Interest will accrue from Thursday, 27 April 1995 and the first interest payment will be made on 7 June 1995 at the rate of £0.8987 per £100 nominal of Stock.

6. The Stock may be held on the National Savings Stock Register.

7. The Stock and the interest payable thereon will be exempt from all United Kingdom taxation, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are neither domiciled nor ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

8. Further, the interest payable on the Stock will be exempt from United Kingdom income tax, present or future, so long as it is shown that the Stock is in the beneficial ownership of persons who are not ordinarily resident in the United Kingdom of Great Britain and Northern Ireland.

9. For the purposes of the preceding paragraphs, persons are not ordinarily resident in the United Kingdom if they are regarded as not ordinarily resident for the purposes of United Kingdom income tax.

10. Applications for exemption from United Kingdom income tax should be made in such form as may be required by the Commissioners of Inland Revenue. The appropriate forms may be obtained from the Inland Revenue, Financial Intermediaries and Claims Office, Fitz Roy House, PO Box 46, Nottingham, NG2 1BD.

11. These exemptions will not entitle a person to claim repayment of tax deducted from interest unless the claim to such repayment is made within the time limit provided for such claims under income tax law; under the provisions of the Taxes Management Act 1970, Section 43 (1), no such claim will be outside this time limit if it is made within six years from the date on which the interest is payable. In addition, these exemptions will not apply so as to exclude the interest from any computation for taxation purposes of the profits of any trade or business carried on in the United Kingdom. Moreover, the allowance of the exemptions is subject to the provisions of any law, present or future, of the United Kingdom directed to preventing avoidance of taxation by persons domiciled, resident or ordinarily resident in the United Kingdom, and, in particular, the interest will not be exempt from income tax where, under any such provision, it falls to be treated for the purpose of the Income Tax Acts as income of any person resident or ordinarily resident in the United Kingdom.

Method of Application

12. Bids may be made on either a competitive or a non-competitive basis, as set out below, and must be submitted on the application form published with the prospectus. Each application form must comprise either one competitive bid or one non-competitive bid. Gilt-edged market makers may make competitive bids by telephone to the Bank of England not later than 10.00 am on Wednesday, 26 April 1995.

13. Application forms must be sent to the Bank of England, New Issues, PO Box 444, Gloucester, GL1 1NP to arrive not later than **10.00 AM ON WEDNESDAY, 26 APRIL 1995**; or lodged by hand at the Central Gilts Office, Bank of England, Bank Buildings, 19 Old Jewry, London not later than **10.00 AM ON WEDNESDAY, 26 APRIL 1995**; or lodged by hand at any of the Branches or Agencies of the Bank of England not later than **3.30 PM ON TUESDAY, 25 APRIL 1995**. Bids will not be revocable between 10.00 am on Wednesday, 26 April 1995 and 10.00 am on Monday, 1 May 1995.

14. **COMPETITIVE BIDS**

(i) Each competitive bid must be for one amount and at one price expressed as a multiple of 1/32nd of £1 and must be for a *minimum of £500,000 nominal* of Stock and for a multiple of Stock as follows:-

Amount of Stock applied for	*Multiple*
£500,000-£1,000,000	£100,000
£1,000,000 or greater	£1,000,000

(ii) Unless the applicant is a member of the CGO Service, **PAYMENT IN FULL AT THE PRICE BID** must be made by a CHAPS payment. Each CHAPS payment must be sent to the Sterling Banking Office, Bank of England (Sort Code 10-00-00) for the credit of "New Issues" (Account number 58560009) quoting the reference "8TY2000", to arrive not later than 1.30 pm on Thursday, 27 April 1995.

(iii) The Bank of England reserves the right to reject any competitive bid or part of any competitive bid. Competitive bids will be ranked in descending order of price and Stock will be sold to applicants whose competitive bids are at or above the lowest price at which the Bank of England decides that any competitive bid should be accepted (the lowest accepted price). **APPLICANTS WHOSE COMPETITIVE BIDS ARE ACCEPTED WILL PURCHASE STOCK AT THE PRICES WHICH THEY BID:** competitive bids which are accepted and which are made at prices above the lowest accepted price will be satisfied in full; competitive bids which are accepted and which are made at the lowest accepted price may be satisfied in full or in part only.

15. **NON-COMPETITIVE BIDS**

(i) A non-competitive bid must be for not less than £1,000 nominal and not more than £500,000 nominal of Stock, and must be for a multiple of £1,000 nominal of Stock.

(ii) Only one non-competitive bid may be submitted for the benefit of any one person, and each non-competitive application form may comprise only one non-competitive bid. Multiple applications or suspected multiple applications are liable to be rejected.

(iii) Unless the applicant is a member of the CGO Service, a separate cheque representing **PAYMENT AT THE RATE OF £102 FOR EVERY £100 NOMINAL OF STOCK APPLIED FOR** must accompany each non-competitive bid; cheques must be drawn on a bank in, and be payable in, the United Kingdom, the Channel Islands or the Isle of Man.

(iv) The Bank of England reserves the right to reject any non-competitive bid. Non-competitive bids which are accepted will be accepted in full **AT A PRICE (the non-competitive sale price) EQUAL TO THE AVERAGE OF THE PRICES AT WHICH COMPETITIVE BIDS HAVE BEEN ACCEPTED**, the average being weighted by reference to the amount accepted at each price and **ROUNDED DOWN TO THE NEAREST MULTIPLE OF 1/32ND OF £1.**

(v) If the non-competitive sale price is less than £102 per £100 nominal of Stock, the balance of the amount paid will be refunded by cheque despatched by post at the risk of the applicant.

(vi) If the non-competitive sale price is greater than £102 per £100 nominal of Stock, applicants whose non-competitive bids are accepted may be required to make a further payment equal to the non-competitive sale price less £102 for every £100 nominal of Stock allocated to them. An applicant from whom a further payment is required will be notified by letter by the Bank of England of the amount of Stock allocated to him and of the further payment due, but such notification will confer no right on the applicant to transfer the amount of Stock so allocated. The despatch of certificates of title to applicants from whom a further payment is required will be delayed until such further payment has been made.

16. The Bank of England may sell less than the full amount of the Stock on offer at the auction. Cancellation of a sale of Stock will not affect the non-competitive sale price or any other sale of Stock.

17. The Stock will be, and all previous issues of the Stock have been, initially issued at a price such that it will not be a deep discount security for the purposes of Schedule 4 to the Income and Corporation Taxes Act 1988. Further issues of the Stock may be at a deep discount (broadly, a discount exceeding ½% per annum) and in certain circumstances this could result in all of the Stock being treated thereafter as a deep discount security. However, it is the intention of Her Majesty's Treasury that further issues of the Stock will be conducted so as to prevent any of such Stock being treated as a deep discount security for United Kingdom tax purposes. Provided the Stock is neither a deep discount security, nor treated as a deep discount security, any discount to the nominal value at which the Stock is issued will not represent taxable income for the purposes of the relevant provisions.

18. The Stock will be issued in registered form and allotment letters will not be issued. Except in the case of Stock held for the account of members of the CGO Service (for whom separate arrangements apply), registration will be in accordance with the instructions given in the application form, and the first interest payment on 7 June 1995 will be made by warrant drawn in favour of, and sent by post to, the first-named person specified in the application form. Holders wishing to give different instructions for subsequent interest payments should complete the appropriate form available from the relevant registrar.

19. Certificates in respect of the Stock sold (other than amounts held in the CGO Service for the account of members) will be despatched by post at the risk of the applicant, but the despatch of any such certificate, and the refund of any excess amount paid, may at the discretion of the Bank of England be withheld until the applicant's cheque has been paid or CHAPS payment received. In the event of such withholding, the applicant will be notified by letter by the Bank of England of the acceptance of his application and of the amount of Stock allocated to him, subject in each case to the payment of his cheque or receipt of his CHAPS payment, but such notification will confer no right on the applicant to transfer the Stock so allocated.

20. No sale will be made of a less amount than £1,000 nominal of Stock. If an application is satisfied in part only, the excess amount paid will, when refunded, be remitted by cheque despatched by post at the risk of the applicant; if an application is rejected the amount paid on application will be returned likewise. Non-payment on presentation of a cheque or non-receipt of a CHAPS payment on the due date in respect of any Stock sold will render such Stock liable to forfeiture. Interest at a rate equal to the London Inter-Bank Offered Rate for seven day deposits in sterling ("LIBOR") plus 1% per annum may, however, be charged on the amount payable in respect of any Stock for which payment is accepted after the due date. Such rate will be determined by the Bank of England by reference to market quotations, on the due date for such payment, for LIBOR obtained from such source or sources as the Bank of England shall consider appropriate.

21. Subject to the provisions governing membership of the CGO Service, a member of that Service may, by completing Section C of the application form, request that any Stock sold to him be credited direct to his account in the CGO on Thursday, 27 April 1995 by means of a member-to-member delivery from an account in the name of the Governor and Company of the Bank of England, Number 2 Account. Failure to accept such delivery by the deadline for member-to-member deliveries under the rules of the CGO Service on 27 April 1995 shall for the purposes of this prospectus constitute default in due payment of the amount payable in respect of the relevant Stock.

22. Until the close of business on 3 May 1995, stock issued in accordance with this prospectus will be known as 8% Treasury Stock 2000 "A". The interest due on 7 June 1995 will be paid separately on holdings of the existing 8% Treasury Stock 2000 and on holdings of "A" stock registered at the close of business on 3 May 1995; consequently, interest mandates, authorities for income tax exemption and other notifications recorded in respect of holdings of existing stock will not be applied to the payment of interest due on 7 June 1995 on holdings of "A" stock.

23. Transfers of 8% Treasury Stock 2000 "A" may be lodged at the Bank of England for registration in that form up to 1 May 1995. After that date, for purposes of certification, the "A" stock will not be distinguished from the existing 8% Treasury Stock 2000. From the opening of business on 4 May 1995, the "A" stock will be amalgamated on the register with the existing Stock. CGO account balances will have been amalgamated from the opening of business on 2 May 1995.

24. Application forms and copies of this prospectus may be obtained by post from the Bank of England, New Issues, Southgate House, Southgate Street, Gloucester, GL1 1UW; at the Central Gilts Office, Bank of England, 1 Bank Buildings, Princes Street, London, EC2R 8EU or at any of the Branches or Agencies of the Bank of England; at the Bank of Ireland, Moyne Buildings, 1st Floor, 20 Callender Street, Belfast, BT1 5BN; or at any office of the London Stock Exchange.

Government Statement

Attention is drawn to the statement issued by Her Majesty's Treasury on 29 May 1985 which explained that, in the interest of the orderly conduct of fiscal policy, neither Her Majesty's Government nor the Bank of England or their respective servants or agents undertake to disclose tax changes decided on but not yet announced, even where they may specifically affect the terms on which, or the conditions under which, this Stock is issued or sold by or on behalf of the Government or the Bank; that no responsibility can therefore be accepted for any omission to make such disclosure; and that such omission shall neither render any transaction liable to be set aside nor give rise to any claim for compensation.

BANK OF ENGLAND
LONDON

18 April 1995

TO THE GOVERNOR AND COMPANY OF THE BANK OF ENGLAND

I/We apply in accordance with the terms of the prospectus for competitive and non-competitive bids dated 18 April 1995 as follows:-

FOR COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the price bid)

Nominal amount of 8% Treasury Stock 2000 applied for: £

Amount of Stock applied for	*Multiple*
£500,000-£1,000,000	£100,000
£1,000,000 or greater	£1,000,000

Price bid per £100 nominal of Stock, being a multiple of 1/32nd of £1: £ | 32nds

Sum enclosed (a), being the amount required for payment IN FULL AT THE PRICE BID: £

FOR NON-COMPETITIVE BIDS ONLY
(ie for Stock to be purchased at the non-competitive sale price as defined in the prospectus)

Nominal amount of 8% Treasury Stock 2000 applied for, being a multiple of £1,000, with a minimum of £1,000 and a maximum of £500,000 nominal of Stock: £

Sum enclosed (b), being £102 (c) for every £100 NOMINAL of Stock applied for: £

FOR CGO MEMBERS ONLY

CGO PARTICIPANT NUMBER.................. Tel No..................

Name of contact..................

THIS SECTION TO BE COMPLETED BY ALL APPLICANTS

I/We request that Stock sold to me/us be registered in the undermentioned name(s) and that any certificate be sent by post at my/our risk to the first-named holder at the address shown below.

IN THE CASE OF A NON-COMPETITIVE APPLICATION, I/we warrant that to my/our knowledge this is the only non-competitive application made for my/our benefit (or for the benefit of the persons on whose behalf I am/we are applying).

IN THE CASE OF AN APPLICATION BY A MEMBER OF THE CGO SERVICE WHO HAS COMPLETED SECTION C, we request that any Stock allocated to us be credited direct to our account at the CGO. We hereby irrevocably undertake to accept such Stock by member-to-member delivery through the CGO Service from the Governor and Company of the Bank of England, Number 2 Account (Participant number 5133) by the deadline for such deliveries on 27 April 1995, and we agree that the consideration to be input in respect of such delivery shall be the amount payable by us on the sale of such Stock in accordance with the terms of the prospectus.

SIGNATURE(S) ....
Date.................. of, or on behalf of, applicant

REGISTRATION DETAILS
Stock may be registered in the names of individuals or a corporate body.

CAPITAL LETTERS PLEASE

Title	Forename(s) in full	Surname
Address		
		Postcode
Title	Forename(s) in full	Surname
Address		
		Postcode

For Bank of England use		
Box No. 728A	Ext.	Transaction Number 165/
Batch Number	New Account No.	Cert. Posted Date

Daytime Telephone Number (in case there is a query)

NOTE: The Stock will be registered on the Bank of England Register. However, if you wish the Stock to be registered on the NATIONAL SAVINGS STOCK REGISTER (NSSR) (for which there is a maximum limit of £25,000 nominal of Stock) or at the Bank of Ireland, Belfast, please tick the appropriate box.

NSSR ☐ BELFAST ☐

(a) A CHAPS payment must be sent to the Sterling Banking Office, Bank of England (Sort Code 10-00-00) for the credit of "New Issues" (Account Number 58560009) quoting the reference "8TY2000", to arrive not later than 1.30pm on Thursday, 27 April 1995, except in the case of members of the CGO Service who have completed Section C.

(b) A separate cheque must accompany each non-competitive application. Cheques should be made payable to the "Bank of England" and crossed "New Issues" and must be drawn on a bank in, and be payable in, the United Kingdom, Channel Islands or the Isle of Man.

(c) The procedure for any refund, or further amount payable, is set out in the prospectus.

APPLICATION FORMS MUST BE SENT TO THE BANK OF ENGLAND, NEW ISSUES, PO BOX 444, GLOUCESTER, GL1 1NP TO ARRIVE NOT LATER THAN 10.00 AM ON WEDNESDAY, 26 APRIL 1995; OR LODGED BY HAND AT THE CENTRAL GILTS OFFICE, BANK OF ENGLAND, BANK BUILDINGS, 19 OLD JEWRY, LONDON NOT LATER THAN 10.00 AM ON WEDNESDAY, 26 APRIL 1995; OR LODGED BY HAND AT ANY OF THE BRANCHES OR AGENCIES OF THE BANK OF ENGLAND NOT LATER THAN 3.30 PM ON TUESDAY, 25 APRIL 1995.

AB ELECTROLUX

TO THE SHAREHOLDERS OF AKTIEBOLAGET ELECTROLUX

The ANNUAL GENERAL MEETING of the Company will be held at 3 pm on Thursday, May 4, 1995 in the Main Hall of the Concert Hall at Hötorget in Stockholm.

Agenda

1. Ordinary business
Matters prescribed by the Swedish Companies Act 1975 and by the Company's Articles of Association including, inter alia, presentation of the annual report and accounts and the auditor's report on the Company and of the consolidated annual accounts and the auditor's report on the Group; resolutions on the adoption of the profit and loss statement and the balance sheet and of the consolidated profit and loss statement and the consolidated balance sheet; on appropriation of the Company's profit according to the adopted balance sheet; on the Directors' and the Managing Director's discharge from liability; on determination of the number of Directors and Deputy Directors to be elected, as well as of the fees payable to the Directors, the Deputy Directors and the Auditors, and on the election of Directors, Deputy Directors and Auditors.

2. Proposal for election of directors
Shareholders representing approximately 45% of the voting rights of all the shares in the Company have given notice that a proposal will be submitted to the general meeting that all Directors, i.e. Anders Scharp, Gösta Bystedt, Claes Dahlbäck, Leif Johansson, Lars V. Kylberg, Carl Löwenhielm, Sven Olving and Stefan Persson, as well as the Deputy Director Lennart Ribohn be re-elected.

Attendance at the meeting

Shareholders who intend to participate in the AGM must be registered with the VPC AB (Swedish Securities Register Center) not later than Monday, April 24, 1995. Shareholders whose shares are registered through banks or trustees must have their shares registered in their own names at the VPC in good time.

In addition to the above registration, notice of intent to participate must be given to Electrolux not later then 4 pm on Tuesday, May 2, 1995 by mail to AB Electrolux, Dept. C-J, S-105 45 Stockholm, Sweden, or by telephone at Int +46 8 738 6793 or 738 6789.

Notice should include the shareholder's name, registration number if any, address and telephone number. Shareholders participating by proxy must submit a copy of the proxy authorization prior to the date of the AGM.

Dividend

Subject to endorsement by the AGM of the Board's proposal of May 9, 1995 as reconciliation date, it is expected that dividends will be paid by the VPC on May 16, 1995.

THE BOARD OF DIRECTORS

Stockholm, April 18, 1995

Electrolux

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COMMODITIES AND AGRICULTURE

Oil prices resume uptrend as Iraq rejects UN plan

By Robert Corzine

Iraq's rejection of the United Nations plan for limited oil sales continued to underpin international oil markets yesterday.

Oil prices in London caught up with the gains recorded in New York on Monday, with the benchmark Brent Blend for June quoted at about $18.30 a barrel in late London trading. That was 70 cents up on its close last Thursday, the last day of trading before the UK's long Easter holiday weekend.

Uncertainty over whether Iraq would accept the carefully crafted UN resolution caused prices to plummet toward the end of last week. Some traders said Baghdad's rejection of the plan meant there was little chance of Iraqi crude reaching world markets until at least the end of the year.

"We're back into the scenario that can take prices higher," said Mr Peter Gignoux, head of the energy desk Smith Barney's London office. He believed the factors that had underpinned a month-long price rally, such as the "general tightness in the market for North Atlantic basin crudes" and the prospect of strong spring and summer petrol demand in the US, would continue to influence prices.

But othar traders warned that Iraq remained a volatile factor in the market in spite of its rejection of the UN plan. Some also wondered whether the market was close to the top of its trading range. "The short-term market may have run its course," said Mr Roh Cole of Trafalgar Commodities.

De Beers chief says Russia 'unsettled' diamond market

By Kenneth Gooding, Mining Correspondent

There might have been a price increase for rough (uncut) diamonds recently but for the surge in exports from Russia, hints Mr Julian Ogilvie Thompson, chairman of De Beers, the world's biggest diamond group, in his annual report today.

De Beers' Central Selling Organisation last raised prices in February 1993. That increase was only 1.5 per cent and was the first since 1990.

Other producers are suffering from a drop in cash flow because during the recent recession those with CSO contracts were asked to cut deliveries from previously-agread levels and at present tha "quota" is 85 per cent.

In his statement, Mr Ogilvie Thompson says: "At a time of buoyant retails sales of diamond jewellery and of rough diamonds by the CSO in the first half of last year, producers would normally have expected their delivery entitlements to be increased from the level of 85 per cent of proven capacity pertaining since July 1993. The unilateral and additional sales by Russia rendered that impossible, as it also did a price increase, which would have benefitted all producers.

"Many other interested parties have expressed their concerns to the Russian authorities," he adds.

Mr Ogilvie Thompson shies away from giving De Beers' estimate of sales of rough diamonds by Russia in contravention of its agreement with the CSO. But he says "trade estimates" suggest Russia sold $700m to $800m-worth directly to the market in 1994. "Inevitably that unsettled the cutting centres and accentuated the lack of profitability."

The CSO's contract with Russia ends this year and talks about a new one with Komdragnet, the organisation responsible for Russia's diamond production and sales, started in April last year but have not been going well, although Mr Ogilvie Thompson does not say so. However, De Beers is talking directly with the Siberian Republic of Sakha (previously known as Yakutia) which produces about 98 per cent of Russia's diamonds. He says the CSO bought more than US$1bn of stones from Sakha last year.

Mr Ogilvie Thompson says only US$150m of the $1bn loan De Beers made to the Russian authorities in 1990 remains to be paid. A $50m repayment was made in February.

Zinc producers agree promotion effort

World zinc prodncers have agreed to contribute about $250,000 to set up a world-wide zinc marketing fund this year, according to the International Zinc Association, reports Reuters from Brussels.

The IZA said it would join with the European Zinc Institute and European General Galvanisers Association in a programme to promote general galvanising in western Europe.

Othar marketing schemes included promotion of galvanised steel for residential housing and a worldwide survey of diecasting end users.

MARKET REPORT

Precious metals catch up after break

London precious metals prices rose sharply yesterday to catch up with Monday's gains in New York.

GOLD closed below the day's high at $393.90 a troy ounce, up $4.80 from the pre-Easter level. Cash SILVER was still stronger at $5.65½, up 35 cents; while PLATINUM gained $8.15 to $454.90.

Views were mixed, however, on just how solid the rally was, given its apparent reliance on investment fund speculation in silver. "It was all about the [silver option] expiry and I can't see it continuing in the same vein," one dealer said. Others thought that if the backing was there silver could get through $6 an ounce.

Dealers noted some uneasiness in the platinum market overnight as the yen's strength forced yen-priced futures lower and Tokyo speculators took profits.

At the London Metal Exchange base metal prices were mostly firmer but trading volumes again suffered from the lack of fresh interest. Stock falls for all metals except lead offered underlying support early on but there was little else to give the market direction.

ALUMINIUM stocks fell sharply again reflecting steady physical demand and the market regained some of last week's fall.

ZINC prices also rallied after the market was given a psychological boost by LME stocks falling below 1m tonnes for the first time in 14 months.

Compiled from Renters

LME WAREHOUSE STOCKS (As at Monday's close) tonnes

Aluminium	-21,825	to 1,101,100
Aluminium alloy	-60	to 25,580
Copper	-11,025	to 211,350
Lead	+25	to 291,025
Nickel	-1,074	to 117,810
Zinc	-10,650	to 889,525
Tin	-255	to 20,835

Indonesia and Grenada decide against renewing nutmeg cartel

By Manuela Saragosa in Jakarta

The world's two largest nutmeg producers, after meeting in Jakarta last week, have decided to set up a joint committee aimed at stimulating world nutmeg demand. But they did not agree on a production ceiling for the spice or a joint marketing arrangement, as had been expected.

Indonesia and Grenada, which account for 75 per cent and 23 per cent respectively of world nutmeg production, were last year discussing proposals to keep annual world production at about 9,500 tonnes, marginally less than current world demand and 2,500 tonnes less than their current combined production.

Instead, the two producers, who are keen to represent a united front following reports there was a rift between them last year, agreed to set up a joint committee to look into ways of promoting world demand for nutmeg and mace – the dried outer covering of nutmeg.

A delegation from Grenada, where nntmeg and mace exports are the largest foreign exchange earners, held talks with the Indonesian Nutmeg Exporters' Association in Jakarta last week and said they hoped to increase overseas household consumption of nutmeg. Both countries will conduct research abroad and possibly embark on an advertising campaign.

"We feel there is a large untapped market out there," said Mr Cliff Robertson of the Grenadjo Co-operative Nutmeg Association. Nutmeg is widely used in Asian and Indian cooking hut in western countries is mostly used in processed foods, especially meats.

Reports last year said talks between Indonesia and Grenada on setting up a new joint marketing agreement to stabilise nutmeg and mace prices broke down because the Grenadians opposed Indonesian producers' marketing arrangements in Europe.

BerCatz, a Rotterdam-based company jointly owned by Berdikari, the state-controlled company that ranks as Indonesia's largest nutmeg exporter, and a Dutch trading company, receives a 5 per cent commission on sales under an agreement between the two.

However, Mr Robertson denied reports of a dispute hetween Indonesia and Grenada. "We have mutual interests," he said.

Over the past two months, prices for nutmeg, a commodity native to the Moluccas, Indonesia's spice islands, had dropped by about 25 per cent, while mace prices have decreased hy about 40 per cent, traders said.

Officials at Berdikari said they had reduced deliveries from local farmers in response to declining prices. Traders in Europe meanwhile, lumbered with stockpiles, decided to sell off their holdings independently, causing prices to fall.

Producers in the two countries have been trying to agree on a protocol to stabilise world prices but have steered clear of recreating their cartel, which collapsed six years ago following deregulation of the nutmeg and mace market in Indonesia. Following last week's meeting in Jakarta, the world's two largest nutmeg producers are scheduled to meet again in Grenada later this year.

Greek olive oil exports suffer as EU tackles payments fraud by processors

By Kerin Hope in Athens

Greek olive oil exports have declined sharply this year, following a restructuring of the European Union's system of support payments aimed at preventing fraud by olive oil processors.

Exports for the 1994-95 season have slumped to about 35,000 tonnes, from 120,000 tonnes in 1993-94, according to agriculture ministry officials. Last year Greece earned around Dr60bn ($260m) from exports of olive oil. Analysts say that even if overseas sales pick up in the next few months, total exports this year will be less than 70,000 tonnes.

The new payment arrangement, introduced during last November's olive harvest, has discouraged processors from stockpiling extra supplies of oil that were sold in bulk to Italy and Spain, the main markets for Greek olive oil.

Under an EU scheme Greek growers are entitled to an axtra payment of Dr100 a kilogram for having their oil standardised and bottled for sale at retail outlets. The extra subsidy used to be paid to Greek oil processing companies, which transferred funds to growers. From this year, however, this amount is being paid directly to growers in an attempt to eliminate fraud.

The oil processors were accused in 1993 of defrauding the EU of about Dr7bn yearly since the mid-1980s hy issuing false documents overstating the amounts tbey had processed. Following a government investigation, ten of Greece's 200 oil processing companies were last year ordered to pay fines amounting to some Dr2bn.

Mr Nikos Frangakis, an Athens-based commodities analyst, says: "The change in payment arrangements has disrupted the export market this year. Processors are short of cash to buy and store large amounts of oil, so Spanish and Italian traders have been buying from Tunisia and Turkey instead".

Greece produces an average of 310,000 tonnes of olive oil yearly; but most farmers work small olive groves that yield less than one tonne of oil.

This year, Greek farmers have been stockpiling olive oil at local co-operatives and selling small quantities at auction to meet local demand.

Mr Ioannis Spanos, a grower near Sparta in southern Greece says: "The market is slow and small processors have only been bottling oil when they get an order from a local supermarket. It's hetter to store your oil and wait for prices to go up".

In the medium term, however, both growers and smaller processors should benefit from a new system being introduced by the European Commission, defining zones of olive oil production in Greece. Under this arrangement, due to be introduced for this year's harvest, oil is to be labelled according to its region of origin.

Mr George Economou of Sevitel, the olive oil processors' association, says the value of Greek oil exports should increase substantially undar the new system "because more bottled oil will be exported from regions like western Crete and Sparta, which produce high-quality extra virgin oil, under their own label and the lower priced bulk trade will decline".

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE
(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1838-9	1848-9
Previous	1823-5	1834-5
High/low	1853/1852.5	1860/1847
AM Official	1852.5-3.0	1857-8
Kerb close		1858-9
Open int.	211,526	
Total daily turnover	21,525	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1740-50	1760-80
Previous	1740-50	1765-75
High/low		
AM Official	1745-55	1770-80
Kerb close		1760-80
Open int.	2,693	
Total daily turnover	270	

■ LEAD ($ per tonne)

Close	804-5	814-5
Previous	800-1	810-1
High/low		817/814
AM Official	806-7	817-8
Kerb close		815-6
Open int.	33,761	
Total daily turnover	7,688	

■ NICKEL ($ per tonne)

Close	7230-40	7365-85
Previous	7345-55	7475-80
High/low	7345	7500/7350
AM Official	7345-50	7485-90
Kerb close		7380-90
Open int.	51,734	
Total daily turnover	15,378	

■ TIN ($ per tonne)

Close	5790-800	5820-25
Previous	5755-65	5780-90
High/low		5830/5810
AM Official	5800-1	5820-2
Kerb close		5820-30
Open int.	18,549	
Total daily turnover	3,579	

■ ZINC, special high grade ($ per tonne)

Close	1055-6	1080-2
Previous	1045-6	1067-8
High/low		1092/1073
AM Official	1056-6.5	1078-8.5
Kerb close		1087-9
Open int.	90,801	
Total daily turnover	19,115	

■ COPPER, grade A ($ per tonne)

Close	2827-8	2897-9
Previous	2916-7	2888-8.5
High/low	2942/2939	2910/2897
AM Official	2938-9	2907-9
Kerb close		2900-1
Open int.	233,206	
Total daily turnover	66,968	

■ LME AM Official £/$ rate: 1.6163
LME Closing £/$ rate: 1.6135

Spot:1.6135 3 mths:1.6122 6 mths:1.6093 9 mths:1.6055

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Apr	135.10	-1.15	136.25	134.10	989	180
May	134.70	-1.15	135.40	133.75	20,082	4,844
Jun	133.65	-0.60	134.70	134.70	971	18
Jul	132.85	-	133.50	131.70	11,252	2,133
Aug	131.50				426	18
Sep	129.50	+0.30	129.50	129.10	3,751	74
Total					44,358	7,370

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	393.70-394.10		
Opening	393.00-393.40		
Morning fix	394.10	243.602	443.363
Afternoon fix	392.85	243.206	442.153
Day's High	394.60-394.90		
Day's Low	392.50-392.90		
Previous close	388.90-389.30		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.28	6 months	5.27
2 months	5.28	12 months	5.29
3 months	5.27		

Silver Fix	p/troy oz.	US cts equiv.
Spot	349.45	565.50
3 months	354.50	573.20
6 months	360.50	581.90
1 year	374.10	600.75
Gold Coins	**$ price**	**£ equiv.**
Krugerrand	397-400	245-248
Maple Leaf	404.30-406.85	
New Sovereign	92-95	57-60

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	395.4	+1.3	394.5	392.7	234	37
May	396.4	+1.2	-	-	450	4
Jun	397.8	+1.3	398.0	395.1	100,660	28,685
Aug	401.1	+1.2	401.3	398.8	23,179	677
Oct	404.6	+1.3	-	-	6,832	33
Dec	408.1	+1.2	408.7	405.8	15,959	113
Total					185,990	30,881

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	459.2	+1.9	-	-	146	1
Jul	459.4	+0.6	461.0	456.0	20,097	1,914
Oct	461.8	+0.6	461.5	459.0	3,448	12
Jan	464.4	+0.9	-	-	1,500	1
Apr	467.9	+0.9	467.5	467.5	32	-
Total					25,223	1,928

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	175.35	-0.05	-	-	20	-
Jun	176.35	-0.05	177.25	174.50	6,315	259
Sep	178.25	+0.10	178.50	177.00	945	24
Dec	179.50	+0.10	-	-	161	1
Total					7,499	284

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Open int	Vol.
Apr	586.0	+14.1	586.0	561.0	17	29
May	586.5	+14.0	588.0	562.5	51,282	34,242
Jun	593.2	+14.3	585.0	569.0	-	-
Jul	598.7	+14.4	599.0	575.0	30,485	12,537
Sep	607.7	+14.6	610.0	584.0	9,458	492
Dec	610.7	+14.6	-	-	14,873	1,166
Total					132,066	48,623

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
May	18.82	+0.08	19.95	19.70	40,794	36,937
Jun	19.72	+0.05	19.87	19.54	103,928	59,049
Jul	19.53	+0.03	19.64	19.45	42,427	20,928
Aug	19.25	+0.07	19.39	19.22	24,534	5,706
Sep	19.01	-0.01	19.13	18.97	18,631	7,222
Oct	18.85	-0.02	18.90	18.82	13,065	4,817
Total					372,802	149,443

■ CRUDE OIL IPE ($/barrel)

[illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]

■ UNLEADED GASOLINE NYMEX (42,000 US galls; c/US galls.)

[illegible]

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	117.65	+0.80	117.80	117.25	1,453	70
Jul	118.75	+0.75	119.00	118.50	732	83
Sep	[illegible]					
Nov	[illegible]					
Jan	[illegible]					
Mar	[illegible]					
Total						

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

Minor Metals

[illegible]

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
May	936	+18	935	912	17,753	1,986
Jul	964	+23	964	935	21,902	2,044
Sep	[illegible]					698
Dec	[illegible]					1,073
Mar	[illegible]					280
May	[illegible]					30
Total						6,166

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE ($/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA

[illegible]

INDICES

■ REUTERS (Base: 18/9/31=100)

[illegible]

■ CRB Futures (Base: 1967=100)

[illegible]

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	67.350	+0.800	67.550	66.050	7,755	4,488
Jun	62.675	+0.150	62.875	61.050	31,570	5,757
Aug	60.900	+0.050	61.100	59.575	11,626	1,492
Oct	62.450	+0.125	62.500	61.025	7,462	1,117
Dec	63.925	+0.675	64.000	63.025	3,813	392
Feb	64.800	+0.550	64.800	64.200	2,518	128
Total					65,772	13,471

■ LIVE HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Apr	37.925	-0.125	38.150	37.450	873	253
Jun	44.025	-0.250	44.150	43.450	12,962	2,964
Aug	43.250	-0.225	43.350	42.750	4,653	238
Oct	40.500	+0.175	40.550	40.050	3,480	164
Dec	41.250	+0.100	41.300	41.025	3,557	112
Feb	41.925	+0.100	42.025	41.750	1,110	35
Total					27,163	3,776

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
May	40.775	-0.900	41.500	39.700	3,047	989
Jul	40.350	-0.950	41.150	39.500	3,065	608
Aug	38.100	-0.950	39.400	38.100	724	68
Feb	50.950	-0.550	50.950	50.000	166	13
Mar	49.200	-1.250	-	49.300	19	1
May	50.000	-	-	-	-	-
Total					7,022	1,679

LONDON TRADED OPTIONS

Strike price $ tonne	Calls		Puts	
■ ALUMINIUM (99.7%) LME	Jul	Oct	Jul	Oct
1800	131	167	73	117
1850	105	143	97	142
1900	83	122	124	169
■ COPPER (Grade A) LME	Jul	Oct	Jul	Oct
2850	102	80	54	131
2900	76	62	76	162
2950	55	47	104	195
■ COFFEE LCE	May	Jul	May	Jul
2950	193	258	-	111
3000	143	229	-	132
3050	95	202	2	155
■ COCOA LCE	May	Jul	May	Jul
900	38	79	-	15
925	13	62	2	23
950	2	47	15	33
■ BRENT CRUDE IPE	Jul	Oct	Jul	Oct
1650	164	148	12	51
1700	123	117	25	.70
1750	82	84	42	100

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun)

		+or-
Dubai	$17.70-7.75w	+0.765
Brent Blend (dated)	$18.47-8.53	+0.635
Brent Blend (Jun)	$18.34-8.38w	+0.69
W.T.I. (1pm est)	$19.80-9.82w	+0.71

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$197-198	+4
Gas Oil	$163-164	+5
Heavy Fuel Oil	$108-109	-0.5
Naphtha	$168-169	+1
Jet fuel	$173-174	-1
Diesel	$165-166	+5

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

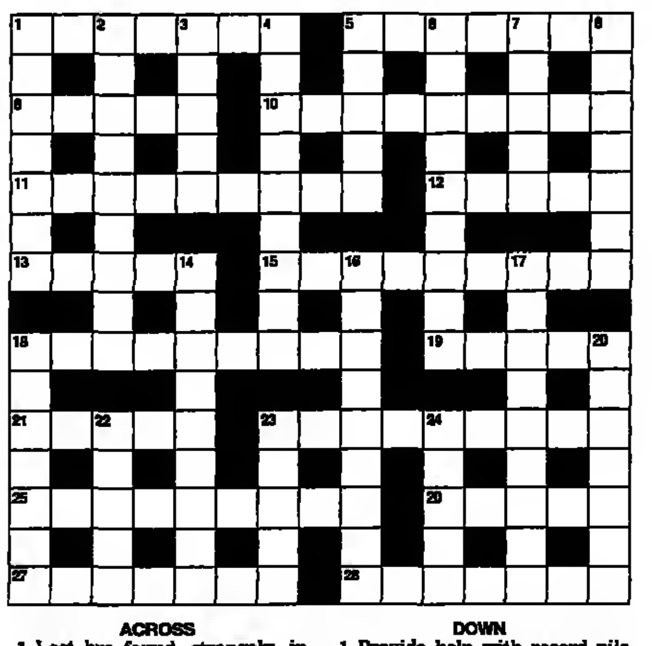
Gold (per troy oz)♣	$393.90	+4.80
Silver (per troy oz)♣	533.50c	+3.00
Platinum (per troy oz.)	$454.90	+8.15
Palladium (per troy oz.)	$173.50	+4.00
Copper (US prod.)	141.0c	
Lead (US prod.)	41.75c	
Tin (Kuala Lumpur)	14.21m	
Tin (New York)	278.50c	+1.00
Cattle (live weight)†	124.94p	+0.02*
Sheep (live weight)†♣	132.12p	+0.36*
Pigs (live weight)†	91.44p	+1.35*
Lon. day sugar (raw)	$326.8	-15.0
Lon. day sugar (wte)	$314.0	-13.0
Tate & Lyle export	£326.0	-15.0
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£141.0	
Wheat (US Dark North)	£165.0	
Rubber (May)♥	118.5p	-1.5
Rubber (Jun)♥	118.0p	-2.0
Rubber (KL RSS No1)	456.5m	-7.0
Coconut Oil (Phil)§	$605.0y	-15.0
Palm Oil (Malay.)§	$628.0q	
Copra (Phil)§	$403.0u	
Soyabeans (US)	£169.5u	-4.0
Cotton Outlook'A' index	114.60c	-0.70
Wooltops (64s Super)	525	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. u Apr/May w Jun. z Apr. [illegible] Rotterdam. ♣ [illegible] prices). * Change on week [illegible]

JOTTER PAD

CROSSWORD

No.8,739 Set by HIGHLANDER



ACROSS

1 Lost bra found, strangely, in reform school once (7)
5 Gasp for breath when chasing sheep out of control (7)
9 Snake receives firm support (5)
10 Group of enthusiasts is succeeding (9)
11 Light with care – they can make you sleepy (9)
12 Major motorway with illuminated verges and border (5)
13 Smile before starting to do hard work (5)
15 Fungal decay on a breathing organ – a setback for tropical reptile (9)
18 The swine has been given top education but is stubborn (3-6)
19 Trunk has malformed roots (5)
21 Nothing in existing state of affairs provides a refuge (5)
23 Anagrammatic clue is man – unlike women (9)
25 One takes advantage of notable feat by King Edward (9)
26 Look at reported charge for cross (5)
27 One under instruction to peg bucket down inside (7)
28 After any disorder look for retreating Americans (7)

DOWN

1 Provida help with record pile of uncleared work (7)
2 Disproving root when lifted can start to germinate (9)
3 It is about a rear admiral's headgear (5)
4 Pool attendant has to take precautions after long sentence (9)
5 What's left in cooked rice? (5)
6 Take another job in romantic setting (9)
7 Nan bears a cross in principle (5)
8 Get closer when more drunk (7)
14 Arrange feathers on carpet (5,4)
16 The French public prosecutor lost, drawn into wrong course (3,6)
17 Conclude matter in odd arrangement with first engineer (9)
18 Plan to throw stick out (7)
20 Which take the lid off leading batsmen? (7)
22 Brown turns in first class gym practice on Saturday (5)
23 Sounds like.... could it be a bishop pots it on? (5)
24 Agreement with group of employees (5)

Solntion to Saturday's prize puzzle on Saturday April 29.
Solntion to yesterday's prize puzzle on Monday May 1.

INTERNATIONAL CAPITAL MARKETS

Housing data fail to quell US inflation fears

By Lisa Bransten in New York and Conner Middelmann in London

A slowdown in US first quarter housing construction cheered the bond market yesterday morning but it was not enough to extinguish rekindled fears that inflation could rear its head in the economy later this year.

GOVERNMENT BONDS

Near midday the benchmark 30-year Treasury was up $\frac{3}{8}$ at $103\frac{1}{16}$ to yield 7.343 per cent while at the short end of the market, the two-year note gained $\frac{1}{8}$ at $100\frac{5}{8}$, yielding 6.397 per cent.

As trading began the Commerce Department reported that the number of new homes begun in March fell to 1.21m, the lowest level in two years. Economists had forecast that housing starts would rebound modestly to 1.35m units from 1.32m units in February.

The news was not enough to stop the general trend of yield curve steepening begun last week. Steepening of the curve that maps yield spreads between two-year bonds and the long bond is generally a sign that market participants anticipate inflation.

Yesterday the curve jumped to 95 basis points from 91 points late on Monday and 83 points late last Thursday.

One reason for the jump is the unwinding of positions built earlier this year as traders bet that the Federal Reserve's seven rounds of monetary tightening would be enough to stamp inflationary pressures out of the economy. But fears that the dollar's slide combined with climbing commodity prices might contribute to inflation have made investors uneasy about holding longer term securities.

Mr Bill Curtin, chief fixed-income strategist at Lehman Brothers called the weak housing figures a "double-edged sword" for the long end of the market because, while they suggest the economy is slowing in some areas, they could deter the Fed increasing interest rates again to eliminate dollar and commodity-led inflationary pressures.

■ European government bond markets put on a mixed performance, with Germany trading slightly higher while most other markets weakened, pressured by continued tensions in the foreign exchange markets.

Europe's high-yielding markets were the worst hit, and among them, Italy posted the sharpest declines as the Lira fell against the D-Mark.

The June BTP futures contract on Liffe fell by 1.11 point to 93.30. The yield spread of the Italian 10-year benchmark bond over Germany's widened to 652 basis points from 627 on Thursday.

Political jitters are weighing on the market ahead of Sunday's regional elections.

"If the right-wing alliance scores very well . . . markets may anticipate a possible no-confidence motion on [Prime Minister Mr Lamberto] Dini's government so that general elections can be held on June 27," said Mr Marco Pianelli, economist at Nomura Research Institute. This, he warned, could jeopardise the pension reform and the sustainability of the wage accord.

According to Mr Ken Wattret, international economist at HSBC Markets, "there is no favourable outcome for the Italian markets – either way, political risk will continue plaguing Italy's bond and currency markets".

Expectations for poor April inflation data on Friday also weighed on prices. Analysts say preliminary figures could show a year-on-year rate as high as 5.3 per cent after 4.9 per cent in March, boosted by imported inflation via the weak currency and the indirect tax hikes contained in the 1995 supplemental budget.

■ German bunds were supported by the D-Mark's strength and posted moderate gains. The June bund future on Liffe ended at 92.82, up 0.18 point.

However, dealers reported little outright investor activity and forecast further range-bound trading, especially given that 93.00 on the futures contract is seen to represent tough technical resistance.

■ UK gilts had a quiet, range-bound day, with the June long gilt future ending at $104\frac{1}{4}$, down $\frac{1}{32}$ point. The Bank of England announced that it plans to auction £2bn of the existing 8 per cent gilt due 2000, fully meeting market expectations.

■ French bonds were also plagued by currency weakness as the presidential elections continued to weigh on the market.

The June Notionnel future on Matif closed at 113.08, down 0.28 point on the day. France's 10-year spread over Germany widened by 10 basis points to 79 basis points and is expected to widen further as the election campaign continues to heat up.

Indonesia names banks for telecoms sell-off

By Nicholas Denton and Conner Middelmann

Goldman Sachs, Merrill Lynch, S. G. Warburg and Lehman Brothers have been named joint global co-ordinators for the equity issue by PT Telkom, the Indonesian telecommunications company.

The four investment banks have emerged from a contest for the biggest telecom privatisation mandate to be awarded since Deutsche Telekom hired investment banks to syndicate its DM15bn share sale.

PT Telkom's issue is expected to raise \$2bn-\$3bn when it comes to market in the fourth quarter and takes up listings in New York, London and Jakarta. The offer will test western investors' appetite for emerging market stock in the wake of the Mexican crisis.

The result is a further success for Goldman of the US in investment banks' growing telecoms privatisation business, which provides fees of about 3 per cent of deal size. Goldman won the position of joint global co-ordinator for the Deutsche Telekom issue, alongside Deutsche Bank.

It was a surprise however that Goldman had to share PT Telkom's mandate with three other banks. Only in the privatisation of Portugal Telecom has the global management of a large issue previously been divided among four banks.

One or two investment banks customarily act as lead managers for international equity issues. But the Indonesian authorities are endeavouring to ensure a solid placement of the deal in a year in which telecoms companies are forecast to raise \$10bn.

The government does not want to alienate international investment banks when it has earmarked more than 200 companies for sale.

IFC announces \$81m Argentine toll-road funding

By Richard Lapper in London and David Pilling in Buenos Aires

The International Finance Corporation has announced an \$81m financing package for an Argentine toll road, underlining its growing involvement in privately-funded infrastructure projects in Latin America.

Other projects supported by the IFC, the private sector arm of the World Bank, range from a water treatment plant in Mexico to a roll-on, roll-off port in Panama.

The new project being supported by the financing package consists of the construction of a 31km highway from Ezeiza international airport to the city of Cañuelas and the improvement of an existing 16km highway connecting Buenos Aires with Ezeiza international airport.

The project also entails the maintenance and operation of both roads.

"IFC anticipates that this private toll road will serve as a model for similar projects in Argentina and elsewhere," said Mr Everett Santos, director of the IFC's infrastructure department.

The IFC said the project represented "its first greenfield investment in a private toll road". It will lend \$20m from its own resources to Acceso Ezeiza Cañuelas (Acesa), a consortium involving a Spanish/Argentine construction company, Huarte and Aragon, and is also arranging a \$61m syndicated loan which will involve a number of international banks.

Acesa was awarded the concession to build and operate the road by the government of President Carlos Menem. One of Latin America's most avid supporters of privatisation, Argentina has already put 10,000km of roads out to concession and plans to tender for a further 5,000km this year.

Under Argentina's concessions legislation, brought in at the start of the 1990s, the toll charged by a concessionaire cannot exceed the economic benefit derived, a complex calculation based on the average speed of a journey, the number of accidents and fuel consumption. All are affected by a given road's state of repair.

The need to involve the private sector in infrastructure has become even more pressing with the start last January of the Mercosur customs union, according to Mr Hector Neme, sub-secretary for public works.

The run-up to Mercosur, which joins Argentina's market with that of Brazil, Paraguay and Uruguay, saw volumes of regional trade increase sharply but there are already signs that existing infrastructure is not up to the challenge.

Important potential projects include a long-awaited bridge linking Buenos Aires with the Uruguayan city of Colonia, a financing feasibility study for which is due to be finished in June. The bridge would be privately financed. Construction cost would be around \$1bn, which would have to be recouped through tolls.

Roads between Argentina and Brazil also need to be upgraded and better maintained.

Mr Neme also believes the private sector has a big role to play in constructing trans-Andean roads to give Argentina better access to Pacific rim markets. Private companies have already built an oil pipeline linking the two countries and are planning a gas pipeline.

The IFC has expressed strong interest in part-funding the gas pipeline, construction of which is being fought over by rival consortia.

Sumitomo Bank arranges \$60m Hungarian loan

By Antonia Sharpe

Sumitomo Bank has arranged a \$60m five-year syndicated loan for Mol, Hungary's oil and gas monopoly. The proceeds of Mol's first commercial bank borrowing will be used to fund the reconstruction of a gas field.

Mol will pay an interest margin of 150 basis points over the London interbank offered rate (Libor). Sumitomo said the margin was a significant improvement for Hungarian borrowers in the syndicated loan market.

The loan was underwritten equally by Sumitomo, the German banks BHF and WestLB and CEIB, the Hungarian bank. Mol has two years to draw down the deal.

Sweden raises another Y100bn

By Antonia Sharpe

Sweden launched another euroyen offer yesterday, raising Y100bn worth of 10-year dual-currency eurobonds. Last Thursday, it raised Y70bn through two deals, one with a five-year maturity and the other with seven.

The three deals, which amount to just over \$2bn, put Sweden in a comfortable position because it has now completed about 60 per cent of this year's foreign-currency borrowing programme of between \$11.5bn and \$12bn equivalent.

The euroyen sector is one of the few areas of the eurobond market which currently allows issuers to launch large offerings and to take advantage of arbitrage opportunities.

Any concerns about the possible impact of a further strengthening in the yen on Sweden's debt-servicing bill were countered by the large yield differential between Japanese and Swedish government bonds. This should provide Sweden with a large leeway for currency appreciation. The yields on 10-year Swedish domestic government bonds are currently 11½ per cent, compared with 3½ per cent on Japanese government bonds.

Syndicate managers said Sweden probably achieved its funding target of Libor flat by swapping the proceeds of yesterday's offering into dollars. However, Sweden is believed to have left the 4.45 per cent coupon, which is payable in D-Marks, unswapped.

Syndicate managers said dual-currency bonds were popular with Japanese investors and they estimated that lots of small deals amounting to hundreds of billions of yen had been sold into Japan in recent weeks.

The structure of the bond provides Japanese investors with some exposure to foreign currencies and interest rates but does not put the principal at risk. "The D-Mark coupon offers a higher yield than on a yen bond," said one syndicate manager. The structure also allows the issuer to get more aggressive funding levels than with straight eurobond deals which are more transparent.

The rally in the Japanese bond market over the past few days has meant that the investors who bought Sweden's deals last week have already made a profit. The yields on the five-year and seven-year bonds have fallen by 35 and 40 basis points respectively.

CME to offer 'flexible' stock index options

By Laurie Morse in Chicago

The Chicago Mercantile Exchange will allow traders to customise their stock index options transactions by introducing "flexible term" options on April 21.

The instruments, known as "flex" options, will be available on all of the CME's equity products, including the S&P 500 index, the Nikkei 225 index, and the FT-SE 100 index.

Flex options, introduced at the Chicago Board Options Exchange in early 1993, have proved popular with money managers who like to tailor the strike price and expiration dates of their options trades to suit the needs of their portfolios.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.000	09/04	95.9150	+0.420	9.67	9.83	10.31
Austria		7.500	01/05	100.9400	+0.190	7.35	7.35	7.57
Belgium		8.500	03/05	90.6800	-0.050	7.89	7.82	8.36
Canada *		9.000	12/04	102.7000	+0.500	8.58	8.72	8.93
Denmark		7.000	12/04	88.8000	-0.130	6.74	8.72	9.12
France	BTAN	8.000	05/98	101.0900	+0.050	7.59	7.60	7.27
	OAT	7.500	04/05	97.8700	-0.340	7.80	7.74	8.35
Germany Bund		7.375	01/05	102.2700	+0.180	7.04	7.10	7.47
Ireland		6.250	10/04	83.8500	-	6.82	6.82	8.80
Italy		9.500	01/05	80.3700	-0.960	13.13†	12.92	13.12
Japan	No 119	4.800	06/99	109.2430	+1.296	2.49	2.72	3.43
	No 174	4.600	09/04	110.2410	+1.260	3.19	3.45	4.08
Netherlands		7.750	03/05	104.1200	+0.200	7.15	7.20	7.61
Portugal		11.875	02/05	97.7500	-0.150	12.26	12.18	11.66
Spain		10.000	02/05	88.0300	-0.020	12.11	11.95	12.49
Sweden		6.000	02/05	68.9530	+0.430	11.42	11.40	11.27
UK Gilts		6.000	09/99	92-13	-	8.13	8.20	8.73
		8.500	12/05	101-08	-	8.32	8.39	8.83
		9.000	10/03	105-11	-	8.33	8.40	8.83
US Treasury *		7.500	02/05	103-21	+9/32	6.96	7.11	7.44
		7.625	02/25	103-10	+9/32	7.25	7.38	7.64
ECU (French Govt)		6.000	04/04	86.4300	-0.130	8.19	8.16	8.81

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime

Prime rate	9
Broker loan rate	$6\frac{1}{2}$
Fed.funds	$6\frac{1}{16}$
Fed.funds at intervention	-

Treasury Bills and Bond Yields

One month	5.67	Two year	6.40
Two month	5.72	Three year	6.51
Three month	5.77	Five year	6.72
Six month	5.96	10-year	6.98
One year	6.13	30-year	7.36

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	113.14	113.08	-0.28	113.14	112.84	61,877	120,494
Sep	112.60	112.62	-0.14	112.60	112.40	517	7,478
Dec	112.34	112.36	-0.14	112.34	112.34	2	963

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls May	Calls Jun	Calls Sep	Puts May	Puts Jun	Puts Sep
111	-	2.28	-	0.05	0.28	-
112	-	1.50	-	0.14	0.50	-
113	0.46	0.88	-	0.40	0.84	-
114	0.12	0.44	-	-	-	-
115	0.02	0.18	0.58	-	-	-

Est. vol. total, Calls 9,642 Puts 10,170. Previous day's open int., Calls 152,944 Puts 211,072.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.58	92.82	+0.16	92.89	92.52	72486	185035
Sep	92.10	92.26	+0.17	92.15	92.10	98	6149

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
9250	0.41	0.78	0.68	0.98	0.09	0.46	0.92	1.22
9300	0.13	0.52	0.48	0.75	0.31	0.70	1.22	1.49
9350	0.03	0.32	0.32	0.57	0.71	1.00	1.56	1.81

Est. vol. total, Calls 10895 Puts 5980. Previous day's open int., Calls 174683 Puts 155484

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.30	93.30	-1.11	94.30	93.25	24105	41442
Sep	-	92.65	-1.11	-	-	0	139

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Jun	Calls Sep	Puts Jun	Puts Sep
9300	1.41	2.24	1.11	2.59
9350	1.14	2.02	1.34	2.67
9400	0.90	1.81	1.60	3.16

Est. vol. total, Calls 1054 Puts 778. Previous day's open int., Calls 44450 Puts 36323

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	83.26	82.59	-0.81	83.28	82.40	50,108	49,518

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	104-09	104-08	-0-01	104-15	104-06	24132	87669
Sep	-	103-23	-0-01	-	-	0	145

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls May	Calls Jun	Calls Jul	Calls Sep	Puts May	Puts Jun	Puts Jul	Puts Sep
104	0-29	1-03	1-14	1-46	0-13	0-51	1-20	1-52
105	0-05	0-37	0-51	1-18	0-53	1-21	1-57	2-24
106	0-01	0-18	0-32	0-59	1-40	2-02	2-38	3-01

Est. vol. total, Calls 4678 Puts 2290. Previous day's open int., Calls 37730 Puts 51142

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Jun	83.50	83.50	-0.12	83.50	83.24	1,558	7,554

US

■ US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Jun	104-16	104-26	+0-10	105-03	104-16	301,781	340,343
Sep	104-04	104-14	+0-11	104-20	104-03	1,366	16,204
Dec	103-26	104-01	+0-04	104-05	103-26	1,015	1,575

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	117.38	-	-	117.62	117.30	2864	0

* LIFFE futures also traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Tue Apr 18	Day's change %	Thu Apr 13	Accrued interest	xd adj. ytd		Low coupon yield Apr 18	Apr 13	Yr. ago	Medium coupon yield Apr 18	Apr 13	Yr. ago	High coupon yield Apr 18	Apr 13	Yr. ago
1 Up to 5 years (23)	119.27	+0.06	119.51	0.90	4.27	5 yrs	8.19	8.21	7.83	8.27	8.28	7.75	8.41	8.42	7.84
2 5-15 years (21)	142.25	+0.16	142.22	2.19	3.78	15 yrs	8.27	8.29	7.77	8.33	8.35	7.92	8.54	8.56	8.12
3 Over 15 years (9)	158.38	+0.20	159.25	1.68	4.74	20 yrs	8.28	8.28	7.77	8.33	8.35	7.92	8.50	8.51	8.05
4 Irredeemables (6)	183.56	+0.09	183.40	4.12	1.47	Irred.†	8.33	8.34	8.04						
5 All stocks (59)	138.39	+0.13	138.53	1.65	4.15										

Index-linked							Inflation 5% Apr 18	Apr 13	Yr. ago	Inflation 10% Apr 18	Apr 13	Yr. ago
6 Up to 5 years (2)	192.27	+0.04	192.22	3.22	2.57	Up to 5 yrs	3.18	3.19	3.28	1.63	1.64	2.27
7 Over 5 years (11)	178.20	+0.25	178.12	0.61	1.73	Over 5 yrs	3.79	3.79	3.43	3.58	3.58	3.24
8 All stocks (13)	178.75	+0.25	178.66	0.58	1.81							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Apr 18	Apr 13	Apr 12	Apr 11	Apr 10	Yr ago	High*	Low*
Govt. Secs. (UK)	92.33	92.31	92.21	91.91	91.60	95.76	92.33	90.22
Fixed Interest	111.33	110.91	110.84	110.78	111.09	115.57	111.33	108.77

* for 1995. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

GILT EDGED ACTIVITY INDICES

	Apr 13	Apr 12	Apr 11	Apr 10	Apr 7
Gilt Edged bargains	72.6	77.8	82.0	74.2	93.7
5-day average	80.0	84.1	87.8	92.2	97.1

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on April 18

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	93½	93¾	+¼	7.50
African Dev Bk 7⅝ 23	500	91½	91⅞	-⅛	8.15
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
United Kingdom 7¼ 97	5500	103¼	103⅜	+⅛	5.89
Volkswagen Intl Fin 7 03	1000	97⅝	98¼	+½	7.40
World Bank 0 15	2000	22¼	22½		7.54
[illegible]					

	Issued	Bid	Offer	Chg.	Yield
Abbey Natl Treasury 8 03 £	1000	94¼	94⅜		9.04
Alliance Leics 11⅜ 97 £	100	105⅝	106		8.27
British Land 8⅞ 23 £	150	89½	89⅞		10.24
[illegible]					

Further sections: SWISS FRANC STRAIGHTS; YEN STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS — [illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1995 High	1995 Low
[illegible]						

Other Fixed Interest — [illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock.

هكذا من الاصل

MARKETS REPORT

Bank of France squabble hurts French franc

The French franc lost ground on the foreign exchanges yesterday as a row about the role of the Bank of France unsettled investors in the run-up to the presidential elections, *writes Philip Gawith.*

Mr Jacques Chirac, the front-runner for the presidency, criticised Mr Jean-Claude Trichet, governor of the Bank of France, for calling for moderation in wage increases. This has awakened market fears about the likely fiscal rigour of a future government.

The Franc lost two centimes to finish in London at FFr3.52, from FFr 3.498, against the D-Mark. Political worries also got the better of the Italian lira, which finished at L1,245 from L1,233, against the D-Mark ahead of regional elections at the weekend.

Tha dollar had a fairly steady day, albeit at very low levels. It finished at Y81.52 and DM1.3677 from Y82.075 and DM1.3715. Sentiment remains negative, with US-Japan market access talks likely to remain a dark cloud hanging over the US currency.

Militant comments from Mr Ron Brown, the US commerce secretary, about possible US trade sanctions against Japan prompted dollar selling in New York.

Sterling continues to suffer from its close ties to the dollar and ongoing political uncertainty. It closed at DM2.2059 and $1.6128, from DM2.2157 and $1.6155. The trade weighted index finished at 84.1, close to the historic low of 83.9.

■ Nervous trading in the Franc was hardly surprising given that the first round of the presidential election takes place on Sunday. The result, however, is unlikely to be the catalyst for any radical shift in economic policy.

Although some of Mr Chirac's more populist comments hava caused concern, analysts note that he is a member of the political establishment rather than a maverick outsider.

Mr Steven Yorke, political analyst at Chase Manhattan in London, said: "I don't think it's anything to worry about. I do believe tha market is now pretty relaxed about the result and its likely policy out-turn."

In Italy the situation is less clear, with the stakes arguably higher. The results will be the first country-wide test of political parties since the collapse of the Berlusconi government. The outcome will probably determina the outlook for pensions reform, and the timing of the next general election, the key issues for markets.

■ It was a mostly bullish day for interest rate futures, with eurodollar contracts leading the way. The December contract gained 14 basis points to finish at 93.45.

Traders said markets had opened much firmer following the recent spate of weak economic data, which lend support to the idea of a soft landing for the economy. Housing start figures yesterday were simply the latest in a growing trend.

The June PIBOR contract had a volatile day in the wake of franc weakness. It opened at 93.17, then slipped to an intraday low of 92.65, before recovering to 92.83.

Euromark futures had a good day, making gains across the board. The December contract closed at 94.91, 14 basis points up on the day. Mr Tony Norfield, UK treasury economist at ABN-AMRO in London said this was "down to the idea that German interest rates are not going to rise soon, and may even fall."

■ European markets achieved limited success in their efforts to drive the dollar lower following disappointment at steps taken by the Japanese to curb yen strength.

Mr Tim Fox, currency economist at Credit Suisse in London, said: "People went into Friday expecting to be disappointed and there is a limit to how much further you can buy yen on that."

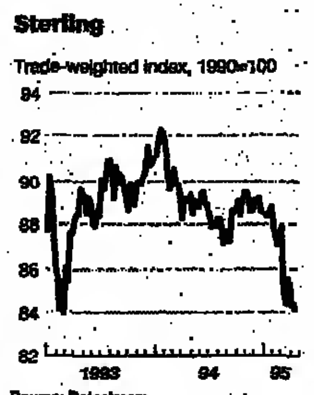
Mr Norfield forecast continued gloom for the dollar, saying the only issue was the speed with which it fell. He said two bits of the currency jigsaw (lower German and Japanese rates) were in place, but the third (higher US rates) did not look like happening at all.

He pointed out that the June eurodollar contract was not discounting higher rates, while the December contract showed interest rates peaking as little as 25 basis points above where they are now.

■ The Bank of England cleared a £500m money market shortage at established rates. Cash rates remain unmoved by sterling weakness, with three month LIBOR at 6¾ per cent, still below the base rate.

Sterling

Trade-weighted index, 1990=100



Source: Datastream

■ **Pound in New York**

Apr 18	Latest	Prev. close
£ spot	1.6145	1.6230
1 mth	1.6144	1.6228
3 mth	1.6133	1.6216
1 yr	1.6013	1.6103

■ **OTHER CURRENCIES**

Apr 18	£	$
Hungary	188.833 - 189.111	117.120 - 117.220
Iran	2815.21 - 2821.52	1745.00 - 1750.00
Kuwait	0.4693 - 0.4704	0.2911 - 0.2916
Poland	3.7970 - 3.7998	2.3550 - 2.3553
Russia	8143.93 - 8143.73	5048.00 - 5051.00
U.A.E.	5.9218 - 5.9260	3.6724 - 3.6732

POUND SPOT FORWARD AGAINST THE POUND

Apr 18		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	15.5202	-0.0704	108 - 295	15.6960	15.5100	15.4996	1.6	15.4615	1.5	-	-	108.1
Belgium	(BFr)	45.3806	-0.5404	250 - 965	46.1440	45.3230	45.3158	1.2	45.2058	1.4	44.6758	1.5	110.9
Denmark	(DKr)	8.6850	-0.041	782 - 617	8.7438	8.6745	8.6927	-1.1	8.6965	-0.5	8.6636	0.2	110.7
Finland	(FM)	6.8343	+0.0172	281 - 404	6.8570	6.8190	-	-	-	-	-	-	67.8
France	(FFr)	7.7661	+0.0149	624 - 697	7.7842	7.7280	7.7764	-1.6	7.7848	-1.0	7.7277	0.5	110.3
Germany	(DM)	2.2059	-0.0098	047 - 070	2.2238	2.2024	2.2031	1.6	2.1959	1.8	2.1564	2.2	114.1
Greece	(Dr)	359.042	-1.15	834 - 250	366.367	358.531	-	-	-	-	-	-	69.3
Ireland	(I£)	0.9778	-0.0049	764 - 791	0.9846	0.9741	0.9776	0.2	0.9772	0.2	0.9778	0.0	97.3
Italy	(L)	2747.40	+15.4	620 - 981	2756.11	2734.74	2757.35	-4.3	2775.5	-4.1	2851.85	-3.6	63.8
Luxembourg	(LFr)	45.3806	-0.5404	250 - 966	46.1440	45.3245	45.3158	1.2	45.2058	1.4	44.6758	1.5	110.9
Netherlands	(Fl)	2.4694	-0.0146	678 - 709	2.4906	2.4664	2.4662	1.5	2.4588	1.7	2.4165	2.1	110.8
Norway	(NKr)	9.9179	-0.0089	108 - 250	10.1941	9.8825	9.9075	1.3	9.8872	1.2	9.761	1.4	99.6
Portugal	(Es)	233.130	-0.269	816 - 445	233.898	232.611	233.965	-4.3	235.755	-4.5	-	-	96.8
Spain	(Pta)	197.842	+0.508	700 - 984	198.241	197.173	198.302	-2.8	199.217	-2.8	203.182	-2.7	79.5
Sweden	(SKr)	11.7727	+0.1341	617 - 837	11.8151	11.6373	11.7746	-0.2	11.779	-0.2	11.7991	-0.2	75.4
Switzerland	(SFr)	1.8190	-0.0057	179 - 201	1.8310	1.8152	1.8146	2.9	1.8051	3.1	1.7525	3.7	115.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	84.1
Ecu	-	1.2052	-0.0009	044 - 060	1.2095	1.2024	1.2053	0.0	1.2041	0.4	1.1961	0.8	-
SDR†	-	1.0170	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6127	-0.004	121 - 133	1.6246	1.6120	-	-	-	-	-	-	-
Brazil	(R$)	1.4572	-0.0057	543 - 600	1.4674	1.4542	-	-	-	-	-	-	-
Canada	(C$)	2.2091	+0.005	080 - 102	2.2206	2.2071	2.2127	-2.0	2.2181	-1.6	2.2239	-0.7	82.2
Mexico	(New Peso)	10.0720	-0.0492	446 - 993	10.1075	10.0411	-	-	-	-	-	-	-
USA	($)	1.6128	-0.0027	123 - 133	1.6250	1.6120	1.6126	0.1	1.6115	0.3	1.6001	0.8	86.9
Pacific/Middle East/Africa													
Australia	(A$)	2.1758	-0.0051	744 - 772	2.1772	2.1741	2.1785	-1.6	2.1829	-1.3	2.2025	-1.2	78.8
Hong Kong	(HK$)	12.4680	-0.023	647 - 732	12.5650	12.4632	12.4684	0.1	12.4692	0.0	12.4625	0.1	-
India	(Rs)	50.6275	-0.1073	053 - 496	51.0250	50.6020	-	-	-	-	-	-	-
Israel	(Shk)	4.7495	-0.0099	432 - 557	4.7901	4.7431	-	-	-	-	-	-	-
Japan	(Y)	131.476	-1.116	386 - 565	133.010	131.110	130.906	5.2	129.781	5.2	123.946	5.7	175.0
Malaysia	(M$)	3.9812	+0.0014	792 - 832	4.0018	3.9782	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.3998	+0.0059	978 - 016	2.4016	2.3978	2.4057	-2.9	2.4146	-2.5	2.4304	-1.3	96.9
Philippines	(Peso)	41.9851	-0.1188	714 - 987	42.0616	41.8613	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0491	-0.0091	469 - 512	6.0936	6.0460	-	-	-	-	-	-	-
Singapore	(S$)	2.2482	-0.0049	467 - 497	2.2644	2.2462	-	-	-	-	-	-	-
South Africa	(R)	5.7952	-0.0311	922 - 982	5.8541	5.7922	-	-	-	-	-	-	-
South Korea	(Won)	1236.76	-5.05	631 - 724	1248.98	1236.24	-	-	-	-	-	-	-
Taiwan	(T$)	40.8736	-0.0596	566 - 907	41.1539	40.8478	-	-	-	-	-	-	-
Thailand	(Bt)	39.4814	-0.1388	530 - 097	39.8130	39.4460	-	-	-	-	-	-	-

† Rates for Apr 13. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 18		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	9.6231	-0.0275	203 - 259	9.6470	9.5810	9.6116	1.4	9.5916	1.3	9.4981	1.3	107.7
Belgium	(BFr)	28.1255	-0.2875	120 - 390	28.4000	28.0100	28.1	1.1	28.0535	1.0	27.9055	0.8	110.2
Denmark	(DKr)	5.3850	-0.0164	825 - 875	5.3985	5.3646	5.389	-0.9	5.3965	-0.9	5.4215	-0.7	109.3
Finland	(FM)	4.2375	+0.0177	350 - 400	4.2400	4.2069	4.2395	-0.6	4.2406	-0.3	4.245	-0.2	86.6
France	(FFr)	4.8153	+0.0173	145 - 160	4.8210	4.7795	4.8208	-1.4	4.8263	-1.1	4.8213	-0.1	110.0
Germany	(DM)	1.3677	-0.0038	674 - 680	1.3725	1.3615	1.366	1.6	1.3623	1.6	1.3455	1.6	112.7
Greece	(Dr)	222.620	-0.34	560 - 680	226.250	221.570	224.92	-12.4	228.67	-11.2	246.12	-10.6	68.2
Ireland	(I£)	1.6499	+0.0056	478 - 513	1.6605	1.6475	1.6501	-0.4	1.6517	-0.5	1.6603	-0.7	-
Italy	(L)	1703.50	+12.38	328 - 672	1705.50	1690.50	1709.75	-4.4	1723	-4.6	1782.5	-4.8	63.7
Luxembourg	(LFr)	28.1255	-0.2875	120 - 390	28.4000	28.0100	28.1	1.1	28.0535	1.0	27.9055	0.8	110.2
Netherlands	(Fl)	1.5311	-0.0064	306 - 316	1.5362	1.5248	1.5292	1.4	1.5254	1.5	1.5073	1.6	109.8
Norway	(NKr)	6.1495	+0.0048	470 - 520	6.2872	6.1068	6.143	1.3	6.1332	1.1	6.107	0.7	98.5
Portugal	(Es)	144.550	+0.075	400 - 700	144.700	143.750	145.15	-5.0	146.3	-4.8	151.6	-4.9	96.8
Spain	(Pta)	122.670	+0.52	620 - 720	122.750	121.900	122.96	-2.8	123.62	-3.1	126.895	-3.4	78.5
Sweden	(SKr)	7.2996	+0.0953	950 - 041	7.3050	7.1771	7.3137	-2.3	7.3451	-2.5	7.5081	-2.9	76.2
Switzerland	(SFr)	1.1279	-0.0016	275 - 282	1.1300	1.1215	1.1252	2.8	1.1197	2.9	1.0934	3.1	114.2
UK	(£)	1.6128	-0.0027	123 - 133	1.6250	1.6120	1.6126	0.1	1.6115	0.3	1.6001	0.8	83.6
Ecu	-	1.3362	-0.0013	377 - 387	1.3452	1.3377	1.3383	0.0	1.3385	-0.1	1.3374	0.1	-
SDR†	-	0.62943	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.0000	-0.0008	999 - 000	1.0000	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	0.9035	-0.002	020 - 050	0.9050	0.9020	-	-	-	-	-	-	-
Canada	(C$)	1.3698	+0.0054	695 - 700	1.3701	1.3660	1.372	-2.0	1.3764	-1.9	1.3888	-1.4	80.9
Mexico	(New Peso)	6.2450	-0.02	300 - 600	6.2700	6.2300	6.2473	-0.4	6.2504	-0.3	6.2553	-0.2	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	88.3
Pacific/Middle East/Africa													
Australia	(A$)	1.3490	-0.0009	486 - 495	1.3498	1.3398	1.3506	-1.4	1.3545	-1.6	1.3757	-2.0	80.1
Hong Kong	(HK$)	7.7313	-0.0013	310 - 315	7.7325	7.7310	7.7302	0.2	7.7343	-0.2	7.7696	-0.5	-
India	(Rs)	31.3910	-0.014	870 - 950	31.4050	31.3700	31.471	-3.1	31.718	-4.1	-	-	-
Israel	(Shk)	2.9449	-0.0012	419 - 478	2.9608	2.9381	-	-	-	-	-	-	-
Japan	(Y)	81.5200	-0.565	900 - 500	82.1000	81.0800	81.18	5.0	80.54	4.8	77.475	5.0	174.4
Malaysia	(M$)	2.4685	+0.005	680 - 690	2.4720	2.4610	2.4665	1.0	2.4641	0.7	2.4585	0.4	-
New Zealand	(NZ$)	1.4879	+0.0062	872 - 888	1.4890	1.4780	1.4913	-2.7	1.4981	-2.7	1.5173	-2.0	-
Philippines	(Peso)	26.0200	-0.03	700 - 700	26.0700	25.9700	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7507	+0.0007	505 - 508	3.7508	3.7504	3.7517	-0.3	3.7538	-0.3	3.7657	-0.4	-
Singapore	(S$)	1.3940	-0.0007	935 - 945	1.3950	1.3830	1.3887	4.5	1.3805	3.9	1.354	2.9	-
South Africa	(R)	3.5933	-0.0132	925 - 940	3.6030	3.5875	3.6113	-6.0	3.6486	-6.2	3.8426	-6.9	-
South Korea	(Won)	786.850	-1.85	800 - 900	768.200	786.800	789.85	-4.7	773.35	-3.4	791.85	-3.3	-
Taiwan	(T$)	25.3433	+0.0055	405 - 460	25.3590	25.3210	25.3633	-0.9	25.4033	-0.9	-	-	-
Thailand	(Bt)	24.4800	-0.045	700 - 900	24.5050	24.4700	24.501	-1.0	24.5275	-0.8	24.615	-0.6	-

† SDR rate per $ for Apr 17. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 17. Base average 1990=100

WORLD INTEREST RATES

MONEY RATES

April 18	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	4⅞	4 9/16	5 5/16	5 7/16	5⅞	7.40	4.00	-
week ago	5	4 13/16	5 5/16	5 7/16	5⅞	7.40	4.00	-
France	7 11/16	7 11/16	7 5/16	7¾	7 11/16	5.00	-	8.00
week ago	7⅞	7 11/16	7 11/16	7 11/16	7 9/16	5.00	-	8.00
Germany	4½	4½	4 9/16	4⅝	4⅞	6.00	4.00	4.50
week ago	4.56	4½	4.89	4.75	5.00	6.00	4.00	4.85
Ireland	5⅝	6¼	6 11/16	6 11/16	7⅛	-	-	6.25
week ago	5⅛	6¼	6⅝	6⅝	7⅛	-	-	6.25
Italy	10⅛	10⅜	10 11/16	11 1/16	11 5/16	-	7.50	10.46
week ago	10⅛	10⅜	10 5/16	10 13/16	11 5/16	-	7.50	10.34
Netherlands	4.37	4.50	4.82	4.75	5.00	-	5.25	-
week ago	4.56	4.50	4.99	4.83	5.05	-	5.25	-
Switzerland	3⅞	3 7/16	3⅜	3 5/16	3⅝	6.625	3.00	-
week ago	3⅛	3 5/16	3 5/16	3 5/16	3 5/16	6.625	3.00	-
US	6	6 1/16	6 3/16	6 7/16	6½	-	5.25	-
week ago	5 13/16	6 1/16	6 3/16	6⅝	6⅝	-	5.25	-
Japan	2 1/16	1 5/16	1 5/16	1 5/16	1 5/16	-	1.00	-
week ago	2 1/16	1 5/16	1⅝	1⅝	1⅝	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	6⅛	6¼	6⅜	6 9/16	-	-	-
week ago	-	6⅛	6¼	6 7/16	6 11/16	-	-	-
US Dollar CDs	-	5.88	6.00	6.14	6.39	-	-	-
week ago	-	5.88	6.06	6.23	6.52	-	-	-
SDR Linked Ds	-	4 13/16	5	5 1/16	5 1/16	-	-	-
week ago	-	4 13/16	5	5 1/16	5 1/16	-	-	-

ECU Linked Ds mid rates: 1 mth: 6⅛; 3 mths: 6 5/16; 6 mths: 6 5/16; 1 year: 6 5/16. $ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Apr 18	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	5 1/16 - 5	6½ - 6⅜	5 - 4⅞	5¼ - 5⅛	5½ - 5⅜	5⅞ - 5¾
Danish Krone	7 - 6¾	7 - 6¾	7 - 6¾	7 - 6¾	7⅛ - 6⅞	7¼ - 7
D-Mark	4⅝ - 4½	4 9/16 - 4 7/16	4 9/16 - 4 7/16	4⅝ - 4½	4 11/16 - 4 9/16	5 - 4⅞
Dutch Guilder	4½ - 4⅜	4½ - 4⅜	4 5/8 - 4½	4 11/16 - 4⅝	4¾ - 4 11/16	5⅛ - 5
French Franc	7¾ - 7½	7⅞ - 7⅝	8 - 7¾	7 15/16 - 7 11/16	7½ - 7¼	7¼ - 7
Portuguese Esc.	9 - 8¾	9½ - 9¼	10 3/16 - 10	10¾ - 10 1/16	11⅛ - 10⅞	11⅝ - 11¼
Spanish Peseta	8¾ - 8⅝	8 13/16 - 8 11/16	8 1/16 - 8 15/16	8 7/16 - 9 5/16	9¾ - 9⅝	10½ - 10⅜
Sterling	6⅛ - 5⅞	6 - 5⅞	6 3/16 - 6⅛	6⅝ - 6 9/16	6 31/32 - 6 29/32	7½ - 7⅜
Swiss Franc	3¾ - 3⅝	3½ - 3⅜	3½ - 3⅜	3½ - 3⅜	3⅝ - 3½	3 11/16 - 3 9/16
Can. Dollar	8 1/16 - 7⅞	8 1/16 - 7⅞	7 15/16 - 7 13/16	7 15/16 - 7 13/16	7 15/16 - 7 13/16	7⅞ - 7¾
US Dollar	6 3/16 - 5 15/16	6 1/16 - 5 15/16	6⅛ - 6	6¼ - 6⅛	6⅜ - 6¼	6 9/16 - 6 7/16
Italian Lira	10¼ - 9¾	10⅜ - 10¼	10 7/16 - 10 5/16	10¾ - 10⅝	11⅛ - 11	11½ - 11⅜
Yen	1⅜ - 1¼	1⅜ - 1¼	1⅜ - 1¼	1⅜ - 1¼	1⅜ - 1¼	1⅜ - 1¼
Asian $Sing	½ - ¼	½ - ¼	1⅜ - 1¼	1 13/16 - 1 11/16	2 7/16 - 2 5/16	3 1/16 - 2 15/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate (FFr5m)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.17	92.83	-0.40	93.17	92.65	44,080	42,402
Sep	93.50	93.40	-0.22	93.50	93.32	19,692	37,608
Dec	93.48	93.40	-0.11	93.48	93.32	8,255	21,622
Mar	93.27	93.28	-0.06	93.30	93.21	2,061	14,426

■ **THREE MONTH EURODOLLAR** (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	93.73	+0.03	-	-	0	585
Sep	-	93.63	+0.11	-	-	0	329
Dec	-	93.45	+0.14	-	-	0	255
Mar	-	93.47	+0.17	-	-	0	0

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	95.30	95.34	+0.05	95.36	95.29	17812	151382
Sep	95.10	95.17	+0.09	95.16	95.10	29038	166228
Dec	94.84	94.91	+0.12	94.93	94.81	22169	117810
Mar	94.55	94.63	+0.12	94.64	94.54	10014	67815

■ **THREE MONTH EUROLIRA INT.RATE FUTURES** (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	89.06	88.84	-0.22	89.06	88.83	8148	36756
Sep	88.87	88.71	-0.20	88.87	88.70	1575	23593
Dec	88.70	88.67	-0.17	88.75	88.68	887	13719
Mar	88.75	88.64	-0.15	88.75	88.64	239	7805

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	96.46	96.50	+0.05	96.50	96.46	2031	22477
Sep	96.36	96.40	+0.06	96.41	96.36	1324	9170
Dec	96.21	96.27	+0.06	96.27	96.21	358	6189
Mar	96.08	96.11	+0.07	96.10	96.08	181	1824

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	93.62	93.58	-0.09	93.64	93.58	1717	9038
Sep	93.47	93.45	-0.05	93.49	93.44	473	4519
Dec	93.19	93.20	-0.02	93.21	93.16	51	2376
Mar	93.00	93.00	-0.04	93.00	93.00	10	1540

* LIFFE futures also traded on APT

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 18		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.15	17.12	4.863	2.156	6056	5.443	21.87	513.9	436.1	25.95	4.010	2.205	4.870	3.556	289.8	2.657
Denmark	(DKr)	52.23	10	8.942	2.540	1.126	3163	2.843	11.42	268.4	227.7	13.55	2.094	1.151	2.543	1.857	151.4	1.387
France	(FFr)	58.41	11.18	10	2.841	1.259	3537	3.178	12.77	300.2	254.7	15.16	2.342	1.288	2.844	2.077	169.3	1.552
Germany	(DM)	20.56	3.937	3.520	1	0.443	1245	1.116	4.496	105.7	89.66	5.335	0.825	0.453	1.001	0.731	59.61	0.546
Ireland	(I£)	46.38	8.880	7.941	2.256	1	2809	2.525	10.14	238.3	202.2	12.03	1.860	1.022	2.259	1.649	134.5	1.232
Italy	(L)	1.651	0.318	0.283	0.080	0.036	100.	0.090	0.361	8.486	7.201	0.428	0.066	0.036	0.080	0.059	4.787	0.044
Netherlands	(Fl)	18.37	3.516	3.145	0.893	0.396	1113	1	4.017	94.41	80.11	4.767	0.737	0.405	0.895	0.653	53.26	0.488
Norway	(NKr)	45.74	8.757	7.830	2.224	0.986	2770	2.489	10	235.0	199.4	11.87	1.834	1.008	2.227	1.626	132.6	1.215
Portugal	(Es)	19.46	3.726	3.332	0.946	0.420	1178	1.059	4.255	100.	84.86	5.049	0.780	0.429	0.948	0.692	56.41	0.517
Spain	(Pta)	22.93	4.391	3.926	1.115	0.494	1389	1.248	5.014	117.8	100.	5.950	0.920	0.506	1.117	0.815	66.48	0.609
Sweden	(SKr)	38.54	7.379	6.598	1.874	0.831	2334	2.098	8.427	198.0	168.1	10	1.545	0.850	1.877	1.370	111.7	1.024
Switzerland	(SFr)	24.94	4.775	4.269	1.213	0.538	1510	1.357	5.452	128.1	108.7	6.471	1	0.550	1.214	0.887	72.29	0.662
UK	(£)	45.36	8.685	7.766	2.206	0.978	2747	2.469	9.918	233.1	197.8	11.77	1.816	1	2.209	1.613	131.5	1.205
Canada	(C$)	20.53	3.932	3.516	0.999	0.443	1244	1.118	4.490	105.5	89.54	5.328	0.823	0.453	1	0.730	59.53	0.545
US	($)	28.12	5.384	4.815	1.368	0.606	1703	1.531	6.149	144.5	122.6	7.297	1.128	0.620	1.369	1	81.58	0.747
Japan	(Y)	34.49	6.605	5.906	1.678	0.744	2089	1.878	7.542	177.3	150.4	8.951	1.383	0.760	1.680	1.227	100.	0.916
Ecu		37.64	7.207	6.445	1.831	0.812	2280	2.049	8.231	193.4	164.1	9.768	1.510	0.830	1.833	1.339	109.1	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7328	0.7333	+0.0006	0.7366	0.7306	34,161	57,557
Sep	0.7370	0.7369	+0.0011	0.7390	0.7360	109	2,522
Dec	-	0.7395	-	0.7415	-	11	387

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.2280	1.2382	+0.0094	1.2430	1.2280	16,504	56,965
Sep	1.2450	1.2537	+0.0101	1.2571	1.2450	365	3,149
Dec	1.2710	1.2695	+0.0094	1.2710	1.2695	13	659

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.8907	0.8911	+0.0003	0.8960	0.8888	13,984	27,323
Sep	0.9000	0.8960	+0.0016	0.9021	0.8978	81	2,372
Dec	-	0.9050	-	0.9050	-	34	177

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.6216	1.6152	-0.0058	1.6232	1.6146	7,181	22,952
Sep	1.6150	1.6120	-0.0016	1.6179	1.6110	15	256
Dec	-	1.6110	-	-	1.6110	1	62

UK INTEREST RATES

LONDON MONEY RATES

Apr 18	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6¼ - 4¼	6¼ - 5⅞	6⅛ - 6	6 11/16 - 6 9/16	7 1/16 - 6 15/16	7 9/16 - 7 7/16
Sterling CDs	-	-	6 3/16 - 6 1/16	6 9/16 - 6 7/16	7 - 6 15/16	7 7/16 - 7 5/16
Treasury Bills	-	-	6 3/16 - 5 15/16	6¾ - 6⅛	-	-
Bank Bills	-	-	6⅛ - 6	6 7/16 - 6 5/16	6 13/16 - 6 11/16	-
Local authority deps.	6 13/16 - 5 13/16	5 15/16 - 5 13/16	6⅛ - 6	6⅝ - 6½	7 - 6⅞	7½ - 7⅜
Discount Market deps	6¾ - 5	5 7/16 - 5 5/16	-	-	-	-

UK clearing bank base lending rate 6¾ per cent from February 2, 1995

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	3	6¾	6¾	6	6¼

Certs of Tax dep. under £100,000 is 2½pc. Deposits withdrawn for cash 1¼pc.
Ave. tender rate of discount 6.1687pc. ECGD fixed rate Stlg. Export Finance. Make up day Mar 31, 1995. Agreed rate for period Apr 26, 1995 to May 23, 1995, Schemes II & III 7.98pc. Reference rate for period Mar 1, 1995 to Mar 31, 1995, Schemes IV & V 6.718pc. Finance House Base Rate 7pc from Apr 1, 1995

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	92.94	92.96	+0.01	92.97	92.94	11245	95671
Sep	92.50	92.52	+0.02	92.54	92.50	9970	71534
Dec	92.17	92.18	+0.02	92.21	92.17	4538	53910
Mar	91.89	91.90	+0.03	91.92	91.89	2369	34775

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9275	0.29	0.21	0.20	0.08	0.44	0.77
9300	0.12	0.12	0.12	0.16	0.60	0.94
9325	0.03	0.06	0.07	0.32	0.79	1.14

Est. vol. total, Calls 2335 Puts 1614. Previous day's open int., Calls 182510 Puts 141839

EMS EUROPEAN CURRENCY UNIT RATES

Apr. 18	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Netherlands	2.15214	2.07083	-0.01201	-3.78	7.39	-
Belgium	39.3960	38.0365	-0.1833	-3.45	6.97	25
Germany	1.91007	1.84929	-0.01084	-3.16	6.67	-
Austria	13.4383	13.0128	-0.0773	-3.17	6.67	-
Portugal	195.792	195.463	+0.342	-0.17	3.45	1
Denmark	7.28580	7.28870	-0.00743	0.04	3.23	0
France	6.40608	6.51522	+0.03933	1.70	1.55	-14
Spain	162.493	166.056	+1.53	2.18	1.06	-18
Ireland	0.792214	0.816197	+0.000144	3.28	0.00	-22
NON ERM MEMBERS						
Greece	292.867	301.068	-0.796	2.80	0.46	-
Italy	2106.15	2303.69	+23.33	9.38	-5.58	-
UK	0.786652	0.837783	+0.005836	6.50	-3.03	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS May	CALLS Jun	CALLS Sep	PUTS May	PUTS Jun	PUTS Sep
1.525	8.01	9.24	9.49	0.01	0.39	0.74
1.550	6.72	7.29	7.55	0.18	0.77	1.25
1.575	4.57	5.37	5.86	0.50	1.39	1.98
1.600	2.78	3.78	4.36	1.20	2.28	2.89
1.625	1.51	2.53	3.13	2.37	3.45	4.13
1.650	0.71	1.65	2.22	4.00	4.98	5.63

Previous day's vol., Calls 5,581 Puts 9,142. Prev. day's open int., Calls 221,952 Puts 267,441

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	93.71	93.72	+0.01	93.74	93.70	70,201	505,457
Sep	93.57	93.64	+0.06	93.65	93.56	62,728	363,053
Dec	93.38	93.46	+0.07	93.46	93.37	61,923	268,368

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	94.26	94.31	+0.02	94.33	94.26	549	14,313
Sep	94.11	94.17	+0.05	94.18	94.11	46	10,994
Dec	93.96	94.02	-	94.03	93.95	442	10,315

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS May	CALLS Jun	CALLS Jul	CALLS Sep	PUTS May	PUTS Jun	PUTS Jul	PUTS Sep
9525	0.12	0.15	0.13	0.16	0.03	0.06	0.21	0.24
9550	0.02	0.04	0.05	0.07	0.18	0.20	0.38	0.40
9575	0	0.01	0.02	0.03	0.41	0.42	0.60	0.61

Est. vol. total, Calls 3596 Puts 1432. Previous day's open int., Calls 151931 Puts 241366

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Jun	CALLS Sep	CALLS Dec	PUTS Jun	PUTS Sep	PUTS Dec
9650	0.11	0.14	0.20	0.11	0.24	0.43
9675	0.03	0.05	0.11	0.28	0.41	0.59
9700	0.01	0.03	0.05	0.51	0.63	0.78

Est. vol. total, Calls 53 Puts 30. Previous day's open int., Calls 887 Puts 665

BASE LENDING RATES

	%		%		%
Adam & Company	6.75	Duncan Lawrie	6.75	* Roxburghe Guarantee Corporation Limited is no longer authorised as a banking institution.	10
Allied Trust Bank	6.75	Exeter Bank Limited	7.75	Royal Bk of Scotland	6.75
AIB Bank	6.75	Financial & Gen Bank	7.50	Singer & Friedlander	6.75
●Henry Ansbacher	6.75	●Robert Fleming & Co	6.75	●Smith & Williamson Secs.	6.75
Bank of Baroda	6.75	Girobank	6.75	TSB	6.75
Banco Bilbao Vizcaya	6.75	●Guinness Mahon	6.75	●United Bk of Kuwait	6.75
Bank of Cyprus	6.75	Habib Bank AG Zurich	6.75	Unity Trust Bank Plc	6.75
Bank of Ireland	6.75	●Hambros Bank	6.75	Western Trust	6.75
Bank of India	6.75	Heritable & Gen Inv Bk.	6.75	Whiteaway Laidlaw	6.75
Bank of Scotland	6.75	●Hill Samuel	6.75	Yorkshire Bank	6.75
Barclays Bank	6.75	C. Hoare & Co	6.75		
Brit Bk of Mid East	6.75	Hongkong & Shanghai	6.75	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	6.75	Julian Hodge Bank	6.75	* In administration	
Citibank NA	6.75	●Leopold Joseph & Sons	6.75		
Clydesdale Bank	6.75	Lloyds Bank	6.75		
The Co-operative Bank	6.75	Meghraj Bank Ltd	6.75		
Coutts & Co	6.75	Midland Bank	6.75		
Credit Lyonnais	6.75	* Mount Banking	6.75		
Cyprus Popular Bank	6.75	NatWestminster	6.75		
		●Rea Brothers	6.75		

PUBLIC NOTICES

GRT BUS GROUP PLC

NOTICE IS HEREBY GIVEN that in a Petition presented to the Court of Session, Scotland on Fourth April 1995 by GRT Bus Group PLC, a company incorporated under the Companies Acts and having its Registered Office at 395 King Street, Aberdeen AB9 1SP for sanction of a Scheme of Arrangement and Confirmation of Reduction of Capital, the Court by Interlocutor dated Sixth April 1995 has inter alia ordered a meeting to be convened of the holders of the ordinary shares of 5p each and of the holders of any ordinary shares issued pursuant to the Company's Share Option Schemes in the capital of GRT Bus Group PLC, for the purpose of considering and, if thought fit, approving with or without modification the said Scheme of Arrangement and has authorised the Directors to fix the day, hour and place of said meeting.

In accordance with the authority given by the Court the Directors have fixed and NOTICE IS HEREBY GIVEN that the said meeting will be held at Stakis Treetops Hotel, 161 Springfield Road, Aberdeen AB9 2QH on Twelfth May 1995 at 3.00pm at which place and time the said shareholders are requested to attend. Any member entitled to attend the said meeting and vote is entitled to appoint a proxy. Such proxy need not be a member of the Company. To be valid forms of proxy duly completed must be lodged with the Registrars of the Company, Bank of Scotland, Registrar Department, Apex House, 9 Haddington Place, Edinburgh EH7 4AL not less than 48 hours before the time appointed for said meeting, and must be signed in accordance with the instructions thereon. If such forms are not so lodged, they may be handed to the Chairman at the Meeting.

The said Scheme of Arrangement will be subject to the subsequent approval of the Court.

Copies of the said Scheme of Arrangement and of a statement explaining its effect and stating the material interests of the Directors therein can be obtained on application from the offices of Paull & Williamsons, Solicitors, Investment House, 6 Union Row, Aberdeen, AB9 8DQ or 24 Melville Street, Edinburgh EH3 7NS or at Freshfields Solicitors, 65 Fleet Street, London EC4Y 1HS during normal business hours on any day from Monday to Friday for 21 days from the date of publication of this Notice.

Paull & Williamsons,
Investment House
6 Union Row
Aberdeen AB9 8DQ
Solicitors for Petitioners

LONDON SHARE SERVICE

BANKS, MERCHANT

	Notes	Price	+ or –	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
Barings 8pc Cm 3rd Prf		65½	—	98	50¼	6.31	19.8	–
9¼pc Non-Cum Prf		4¼		110½	3	1.90	–	–
Carter Allen		473	—	‡473	418	154.2	7.5	9.0
Close Bros		261	—	262	219	248.5	3.8	11.8
Gerrard & Nat		417	—	490	395	303.1	7.2	12.0
Hambros		208	—	253	195	367.3	9.9	12.0
7¼pc Cv Pf		98	—	112	94	126.2	9.6	–
Joseph (L)		365	—	408	363	18.3	6.0	10.6
King & Shaxson		89	—	103	86	15.5	12.6	8.9
Kleinwort Benson		643xd	–1	663	529	658.0	4.2	11.5
Rea Bros		84xd	–1	87	54	22.4	2.3	φ
Schroders		1628xd	—	1628	1360	1,628	1.6	15.5
N/V		1445xd	+2	1445	1225	419.1	1.8	13.7
Singer & Fried		82xd	+1	86½	21	159.3	5.2	φ
Union		61xd	—	‡93	70	21.5	4.0	φ
Warburg (SG)		749	+3	784	665	1,856	3.7	12.7
Wintrust		205	—	225	200	17.4	5.5	13.7

BANKS, RETAIL

	Notes	Price	+ or –	1995 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£24¼	+¼	£24¼	£21½	7,375	5.3	φ
ANZ A$		231	—	233	198	3,207	5.0	8.4
Abbey National		463xd	–1	490	413	6,079	4.8	10.0
Allied Irish IE		295xd	+2	295	250	1,966	4.7	5.6
Anglo Irish IE		51	—	56	48	175.5	8.7	10.3
Asahi Y		758¼	+19¾	774¾	632¼	17,607	6.7	–
Banco Bil Viz Pta		£16¼	+¼	£17½	£14½	3,867	4.8	7.7
Banco Sant Pta		£22½	—	‡£24½	£22¾	3,400	5.6	φ
Bk Ireland IE		335	–3	‡335	285	1,592	4.2	9.7
Bank Scotland		220	–2½	230	191½	2,576	3.0	12.4
9¼pc Pf		117½	—	120	115½	117.5	9.8	–
9¼pc Pf		123¾	–¼	125¾	112¾	123.8	9.8	–

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

	Notes	Price	+ or –
Tifon		154	—
Travis Perkins		204xd	–4
Tudor		29	—
Unigroup		40	—
Universal Ceramic		69xd	—
Watermark		35	—
Wickes		107	—
Wolseley		347	–7

CHEMICALS

	Notes	Price	+ or –
AGA SKr		£9½	–½
Akzo Fl		£72½	+½
Allied Colloids		129	—
Amber Ind		783	—
BASF DM		£134⅝	–6¼
BOC		743	–1
BTP		258	+3
Bayer DM		£153⅞	–⅞
Brent		115xd	—
British Vita		258xd	—
Cambridge Iso S		40	–7
Canning (W)		203xd	+½
Cementone		44	—
Warrants		14	—
Courtaulds		463	—
Croda		336xd	—
Doeflex		168xd	—
Engelhard S		£23½	—
European Colour		66	–2
Gibbon		114	—
Hickson		138xd	—

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

EXTRACTIVE INDUSTRIES

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL

[illegible]

OTHER INVESTMENT TRUSTS

[illegible]

INVESTMENT COMPANIES

[illegible]

INVESTMENT COMPANIES - Cont.

[illegible]

LEISURE & HOTELS

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL EXPLORATION & PRODUCTION - Cont.

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PAPER, PACKAGING & PRINTING

[illegible]

PHARMACEUTICALS

[illegible]

PROPERTY

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

RETAILERS, GENERAL - Cont.

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

Toronto-Dom	9,2xd	+1/8	10...	8...	2,846	4.2
Trans Can Pipe ♥	8...	-...	8...	7...	1,465	4.7

SOUTH AFRICANS

	Notes	Price	+ or -	1995 high	1995 low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£32¼	—	£34	£29	2,124	2.4	♦
Barlow	♣	552½	—	628½	£4½	1,182	1.6	22.0
Gold Flds Prop R		144xq	—	162	118	14.7	7.2	♦
NK Props.		90	—	95	85	3.62	12.9	-
SASOL	♥	573	+15	599	435	3,308	2.3	-
SA Brews	†	£16½	—	£17¾	£12¾	4,888	1.7	27.0
Tiger Oats		850	—	875	700	1,278	1.7	20.7
Tongaat-Hulett	†b	743	—	*752	636	677.2	1.9	22.4

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the Financial Times Group

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International system.
- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Rule 4.2(a) Irish incorporated non-listed companies.
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♣ Unregulated collective investment scheme.

a Yield based on annualised dividend b Figures based on prospectus or other official estimates. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. a Rights issue pending q Earnings based on preliminary figures. a Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. a Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings v P/e ratios are calculated under new ACT guidelines. z Dividend yield includes a special payment F Yield based on prospectus or other official estimates for 1994-95. ¶ Assumed yield after pending scrip and/or rights issue. ¶ Yield based on prospectus or other official estimates for 1995. K Yield based on prospectus or other official estimates for 1994 L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1995-96. R Forecast annualised yield, p/e based on prospectus or other official estimates. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1275 a year for each security shown, subject to the Editor's discretion

FT Free Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Please quote the code FT9680. Ring 0181-770 0770 (open 24 hours including weekends) or Fax 0181-770 3822. If calling from outside the UK, ring +44 181 770 0770 or fax +44 181 770 3822. Reports will be sent the next working day, subject to availabilty.

FT Cityline

Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

An international service is available for callers outside the UK, annual subscription £250 stg. Call 0171-873 4378 (+44 171 873 4378, International) for more information on FT Cityline.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds

Pembroke Hall, Pembroke, Bermuda

GUERNSEY (SIB RECOGNISED)

Sarasin Funds Mngmt (Guernsey) Ltd

Schroder Investment Mngmt (Guernsey) Ltd

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd

Apollo Investment Management Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann Global Investment Fund Ltd

IRELAND (SIB RECOGNISED)

GT Asset Management (Ireland) Ltd

IRELAND (REGULATED)(**)

Emerging Dynamic Fund Plc

F.I.T. Investment Trust Ltd (u)

Framlington Investment Mgmt (Ireland) Ltd

Frank Russell Investments (Ireland) Ltd (u)

GT Asset Management (Ireland) Ltd

Global Resources Stock Fund

Hambros Fund Managers (Ireland) Ltd

Hassard Europe Limited

ISLE OF MAN (SIB RECOGNISED)

City Financial Admin (IoM) Ltd

Duncan Lawrie Inv. Mgt. Ltd

IBI Managers (IoM) Ltd

B & N Fund Managers Ltd

Ulster Bank Global Funds Plc

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales.

(**) Funds not SIB recognised. The regulatory authorities for these funds are:
Guernsey - Financial Services Commission
Ireland - Central Bank of Ireland
Isle of Man - Financial Supervision Commission
Jersey - Financial Services Department
Luxembourg - Institut Monétaire Luxembourgeois
Initial charge - Charge made on sale of units.
Selling price - Bid or redemption price.
Buying price - Offer or issue price.
Time - The time shown alongside the fund manager's name is the time of the fund's valuation point unless indicated by one of the following symbols:
(*) - 0001 to 1100 hours
(‡) - 1101 to 1400 hours
(▲) - 1401 to 1700 hours

LONDON STOCK EXCHANGE

MARKET REPORT

Tokyo package fails to inspire London shares

By Terry Byland, UK Stock Market Editor

The stock market's pre-Easter optimism melted away yesterday, as it became clear that the economic package in Tokyo had failed to soothe global currency uncertainty. In spite of a new merger development in the pharmaceuticals industry, share prices moved lower as a weak dollar hit the blue chip stocks and renewed doubts over domestic interest rates discouraged the broader market.

London drifted lower from the opening, reacting to the unfavourable response in Far Eastern markets to the Tokyo package. The cut of 75 basis points in the Japanese discount rate had already been reflected in share prices.

Disappointment at the apparent lack of action on the US-Japanese trade deficit focused on the auto industry trade discussions, which are already in progress, and on prospects for the US trade figures which are due today.

The Footsie 3,200 mark was soon lost and an attempted rally was halted when Wall Street failed to hold its early gain. The Dow Jones Industrial Average was 6.57 points down in London trading hours. At its final reading of 3,194.5 the FT-SE 100-share Index registered a decline of 14.3 on the session.

Renewed weakness in sterling, while largely a reflection of pressures on the US dollar, set a nervous background for publication today of the March 8 policy meeting between the UK chancellor of the exchequer and the governor of the Bank of England. Last week's data on UK price inflation has turned stock market opinion towards the view that domestic base rates could rise sooner rather than later.

Uncertainty over the US currency brought small losses for most of the dollar-orientated issues in the London market. Confirmation of last week's hints that Medeva and Fisons are holding merger talks had fairly modest implications for other pharmaceuticals stocks, since the outcome of any proposed merger would remain a relatively small member of the global industry.

Medeva shares rose strongly, although remaining well short of the merger price suggested in some quarters. Fisons eased, in part because some speculators had been hoping for an all-out bid for Fisons itself.

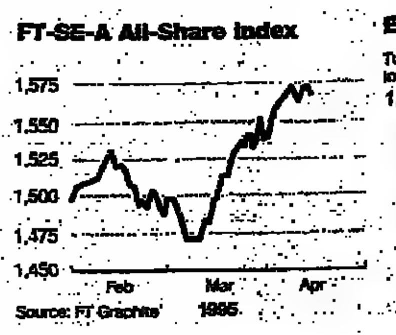
Base rate worries were enough to keep the retail and consumer stocks depressed, although there was little sign of selling pressure.

Bank shares also suffered from fears of higher base rates, which would mean renewed problems in their bad debt portfolios as more customers found difficulty in meeting higher interest payments.

However, reduced turnover indicated a slow return from the Easter weekend break. Across the broad range of the market, downward pressures were said to be light and the FT-SE Mid 250 Index fared better than the blue chip index, ending only 7.6 points down at 3,493.2.

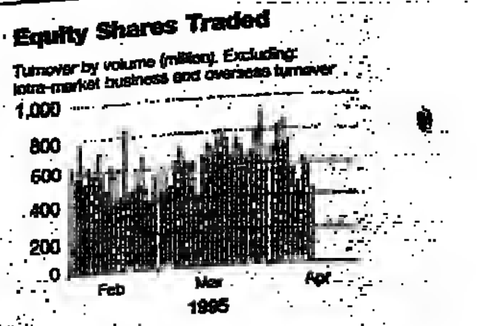
Trading through the Seaq network fell to a mere 361.5m shares, compared to just above 400m in Thursday's pre-holiday session, and still well below daily average levels. Business volume in non-Footsie stocks jumped to around 64 per cent of yesterday's Seaq total, boosted by activity in Medeva and Fisons.

FT-SE-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



Indices and ratios

FT-SE 100	3194.5	-14.3
FT-SE Mid 250	3493.2	-7.6
FT-SE-A 350	1586.1	-6.3
FT-SE-A All-Share	1565.74	-5.70
FT-SE-A All-Share yield	4.09	(4.07)

FT Ordinary index	2434.0	-12.7
FT-SE-A Non Fins p/e	17.17	(17.11)
FT-SE 100 Fut Jun	3218.5	-20.5
10 yr Gilt yield	8.36	(8.38)
Long gilt/equity yld ratio:	2.08	(2.09)

Best performing sectors

1	Electricity	+0.8
2	Retailers, Food	+0.5
3	Health Care	+0.4
4	Other Financial	+0.3
5	FT-SE-A Fledgling exIT	+0.2

Worst performing sectors

1	Tobacco	-1.3
2	Building Matls & Merch	-1.2
3	Breweries	-1.1
4	Engineering, Vehicles	-0.8
5	Insurance	-0.8

Medeva merger hint

Takeover excitement enlivened pharmaceuticals stocks. Medeva, the drugs manufacturer, shot forward after the company confirmed that it was in talks with Fisons. Speculation over a corporate move had been circulating last week when the company was also linked briefly with Zeneca.

Medeva's share price gained nearly 7 per cent last week. It added 13.7 per cent yesterday, closing 31 up at 257½p, with the market seizing on to the possibility that Fisons might pay up to 300p a share for the acquisition. Many analysts believe the move would also be very beneficial to Fisons, which has recently taken the axe to large chunks of its business in order to concentrate on its core drugs business.

However, Fisons has long been seen as a takeover candidate itself and, if the move goes through, the change will wipe out the bid premium in the share price. Fisons shares slipped 4 to 174p, while Zeneca recovered 5 to 893p.

The announcement builds on the second-line activity which has followed Glaxo's £9bn-plus bid for Wellcome. Healthcare company AAH, currently in the grip of a hostile offer from Gehe, of Germany, held firm at 442p. Gehe acquired a further 4.9 per cent of AAH's shares yesterday and now speaks for 22.8 per cent.

Leading oil issues traded sideways as a surge in the underlying oil price competed with the continued slide in the US dollar. Shares refused to respond to pre-results enthusiasm from one leading securities house ahead of the first-quarter reporting season, which starts next week.

NatWest Securities was arguing yesterday that European oil company shares had, unlike their US counterparts, failed to reflect the improving crude oil price and refining margins.

NatWest favours BP among the UK majors, but the shares are trading around their all-time high and the weakness of the UK market and the dollar gave an opportunity to take profits. BP closed 3 weaker at 433p. Shell Transport rose a penny to 716p.

British Airways dipped 3 to 401p on turnover of 2.2m as sentiment wobbled ahead of today's results statement for the first quarter of 1995 from 24 per cent owned associate USAir.

The loss-making US airline has been attempting to put together a pay and conditions deal with employees for more than a year. In an SEC filing with the company's 1994 accounts last week, auditors KPMG indicated that USAir's trading problems made its survival in present form an open question.

BA paid $400m for its USAir stake. Speculation on a write-down by the UK carrier has been steadily mounting since Berkshire Hathaway, Warren Buffett's US investment group, wrote down its 24 per cent investment in USAir by 75 per cent.

Brewing and hotels group Bass registered the day's sharpest fall in the FT-SE 100 list after the company announced the resignation of Mr Philip Bowman, who has been head of the group's Bass Taverns division. The shares fell 15 to 538p.

One analyst said the departure was "surprising given that many thought of him as a future chief executive of the company".

Profit-taking was also blamed for the slide in the price, following the shares' recent strong performance.

Trafalgar House was heavily traded on a thin day for the market generally, with the shares sliding to a new 1995 low in turnover of 13m. The stock has been uniformly weak since March, when the company's £1.2bn bid for Northern Electric was effectively torpedoed by the electricity industry regulator. It closed 1½ lower at 51p.

There was some suggestion that activity in the shares had been bolstered by realignments in the Far East – Hong Kong Land has a 25.6 per cent stake in Trafalgar – plus some switching into the 6 per cent convertible. The yield here is closer to 10 per cent, or some four times more than the return on the Trafalgar ordinary shares.

Sun Alliance, the composite insurer, was one of the weaker FT-SE 100 features in an easier market, as the shares reacted to a downgrade from Smith New Court.

Smith's insurance team believes the competitive pressures faced by the industry will hold back the sector. It feels that Sun, which is very heavily exposed to a rising market, had moved forward too far on the back of a firm equity market. It shifted its recommendation to "sell" just before Easter and the shares fell 7 to 337p yesterday.

Banking stocks suffered after a change of stance from Hoare Govett. The house has moved away from its positive recommendation, on the basis that the sector has outperformed the market by 13 per cent in the past nine months. HSBC fell 6½ to 748p in the ordinaries, Barclays shed 8 to 649p and Royal Bank of Scotland 2 to 422p.

The two electricity generators recorded the day's best performance among FT-SE 100 constituents after S.G. Warburg published a bullish circular and upgraded profits expectations for both stocks.

National Power gained 6 at 444p in trade of 2.2m, while PowerGen also appreciated 6, to 479p, with turnover reaching 2.1m by the close.

Mr Nick Pink at Warburg said both stocks offered value, having underperformed by about 11 per cent since March, when the electricity industry regulator said he was to review price controls of the regional electricity companies (recs). The poor sentiment in the recs also hit the generators, sending them sharply lower.

Finally, the broker upgraded current-year profits expectations. It raised its forecast for National Power by 11 per cent to £725m before exceptionals and for PowerGen by 5 per cent to £540m pre-exceptionals.

A positive review on the regional electricity companies from James Capel helped several of the stocks overcome the poor market trend. Eastern Group added 6 at 623p, East Midlands firmed 6 to 639p and South Wales rose 11 to 691p.

Mirror Group Newspapers, which publishes full-year figures tomorrow, improved 2 to 138p, with Panmure Gordon recommending the shares. The house argued that benefits from resolving pension fund problems and a pick-up in advertising would result in the slide in earnings being halted. Panmure forecast profits of £80.6m. Sunday press reports of a management squabble at Arjo Wiggins Appleton saw the paper group's shares slide 5½ to 258p.

Building materials shares were hampered by bleak press comment on the sector and anecdotal scare stories about the weakness of house purchase enquiries over the peak Easter selling period. BPB Industries fell 8 to 279p, Redland shed 7 to 436p and RMC and Tarmac both gave up 5, dipping to 1032p and 108p respectively.

Last week's profits warning from BICC continued to exact a toll on the shares. They fell another 9 to 306p. The company said first-half profits would be hit by rationalisation costs and a rise in the price of raw materials.

Food manufacturer Albert Fisher was wanted ahead of Thursday's interim figures. The shares closed 1½ up at 42p.

MARKET REPORTERS:
Peter John,
Joel Kibazo,
Jeffrey Brown.

FINANCIAL TIMES EQUITY INDICES

	Apr 18	Apr 13	Apr 12	Apr 11	Apr 10	Yr ago	*High	*Low
Ordinary Share	2434.0	2446.7	2447.5	2434.3	2444.4	2484.2	2454.1	2238.3
Ord. div. yield	4.34	4.32	4.32	4.34	4.33	4.02	4.73	4.31
P/E ratio net	16.57	16.97	16.80	16.90	16.81	19.60	21.33	16.57
P/E ratio nil	16.49	16.89	16.72	16.81	16.72	20.52	22.21	15.77

*For 1995. Ordinary Share index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2439.4	2437.9	2433.7	2433.8	2435.6	2435.6	2435.4	2433.9	2434.7	2439.8	2432.3

	Apr 18	Apr 13	Apr 12	Apr 11	Apr 10	Yr ago
SEAQ bargains	20,625	20,774	21,461	22,139	22,218	26,328
Equity turnover (£m)†	-	1182.9	1514.6	1822.2	1212.1	1453.8
Equity bargains†	-	30,552	30,725	36,134	33,429	29,916
Shares traded (mil)†	-	459.4	563.0	643.1	502.3	623.7

†Excluding intra-market business and overseas turnover.

■ London market data

Rises and falls*		1995 Highs and lows		LIFFE Equity options	
Total Rises	497	Total Highs	176	Total contracts	22,194
Total Falls	589	Total Lows	61	Calls	12,768
Same	1,779			Puts	9,426

April 18 *Data based on Equity shares listed on the London Share Service

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3227.0	3218.5	-20.5	3227.0	3210.0	5104	71080
Sep	3241.0	3242.5	-20.0	3241.0	3241.0	2	1817
Dec	-	3271.5	-20.0	-	-	0	0

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3511.0	3510.0	-13.0	3515.0	3511.0	102	4407

■ FT-SE 100 INDEX OPTION (LIFFE) (*3195) £10 per full index point

[illegible]

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

[illegible]

LONDON RECENT ISSUES: EQUITIES

[illegible]

† Issue price. [illegible]

[illegible]

	Apr 17	% chg on day	Apr 13	Apr 12	Year ago	Gross div yield %	52 week High	52 week Low
Gold Mines Index (34)	1981.14	+2.9	1924.63	1946.04	1839.04	2.14	2337.90	1837.91
■ Regional Indices								
Africa (17)	[illegible]	-0.2	[illegible]	[illegible]	[illegible]	5.01	3711.87	2326.34
Australasia (7)	[illegible]	-0.1	2423.07	2430.14	2604.29	1.74	2951.49	1788.20
North America (10)	[illegible]	[illegible]	1625.76	1553.52	1573.74	0.77	1911.21	1348.18

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Figures in brackets show number of companies. Basis US Dollars. Base Values: 1000.00 31/12/92. [illegible] Latest prices were unavailable for this edition.

[illegible] The UK Series

	Apr 18	Day's chge%	Apr 13	Apr 12	Apr 11	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3194.5	-0.4	3208.8	3209.3	3156.9	3128.0	4.27	1.92	15.25	49.28	1239.26
FT-SE Mid 250	3493.2	-0.2	3500.8	3498.1	3484.3	3605.9	3.69	1.81	18.77	41.74	1332.21
FT-SE Mid 250 ex Inv Trusts	3500.8	-0.2	3509.3	3502.1	3478.5	3831.1	3.53	1.87	17.49	43.45	1334.58
FT-SE-A 350	1586.1	-0.4	1592.4	1592.0	1583.5	1591.8	4.14	1.90	15.92	23.24	1258.05
FT-SE-A 350 Higher Yield	1596.9	-0.5	1604.5	1604.2	1535.2	1596.4	5.09	1.68	14.61	30.53	1045.65
FT-SE-A 350 Lower Yield	1575.6	-0.3	1580.8	1579.5	1572.6	1546.9	3.03	2.33	17.77	15.56	1049.31
FT-SE SmallCap	1745.43	[illegible]	1745.24	1739.83	1737.34	1930.48	3.47	1.58	22.86	19.81	1378.56
FT-SE SmallCap ex Inv Trusts	1719.82	[illegible]	1712.22	1715.69	1714.16	1903.44	3.68	1.64	20.65	20.15	1364.98
FT-SE-A ALL-SHARE	1565.74	-0.4	1571.44	1570.84	1563.24	1562.94	4.09	1.88	16.30	22.55	1262.62

■ FT-SE Actuaries All-Share

	Apr 18	Day's chge%	Apr 13	Apr 12	Apr 11	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(24)	2737.71	-0.2	2743.71	2749.23	2730.58	2646.23	3.76	1.75	19.02	52.95	1127.34
12 Extractive Industries(7)	3750.32	-0.1	3747.68	3725.50	3707.64	3853.13	3.75	1.96	16.97	81.94	1062.15
15 Oil, Integrated(3)	2717.66	-0.3	2725.75	2737.79	2716.27	2524.12	3.89	1.78	17.94	50.43	1143.68
16 Oil Exploration & Prod(14)	1973.19	-0.1	1975.24	1985.85	1965.45	1968.32	2.50	0.43	80.00†	31.57	1160.90
20 GEN INDUSTRIALS(279)	1882.80	-0.5	1892.74	1891.22	1882.63	2109.83	4.18	1.63	18.42	26.88	982.81
21 Building & Construction(38)	970.14	-0.3	973.51	972.55	971.75	1350.78	4.09	1.87	16.32	16.01	779.00
22 Building Matls & Merchs(31)	1749.17	-1.2	1770.72	1768.51	1772.89	2144.74	4.22	1.89	15.70	20.63	842.29
23 Chemicals(22)	2300.45	-0.2	2305.05	2295.85	2287.02	2479.76	4.11	1.38	21.98	32.54	1043.61
24 Diversified Industrials(18)	1844.96	-0.6	1856.69	1852.80	1831.45	2083.90	5.17	1.45	16.62	37.72	975.75
25 Electronic & Elect Equip(37)	1990.64	-0.4	1996.28	2000.47	1980.99	2073.10	3.67	1.92	17.73	13.10	990.31
26 Engineering(72)	1832.28	-0.2	1836.86	1837.13	1835.04	1870.40	3.37	1.90	18.48	19.90	1068.18
27 Engineering, Vehicles(13)	2185.63	-0.8	2203.81	2209.50	2210.39	2479.12	4.18	0.29	80.00†	40.81	1090.33
28 Paper, Pckg & Printing(27)	2818.34	-0.4	2828.93	2831.33	2834.22	2923.83	3.39	2.28	16.15	37.94	1131.32
29 Textiles & Apparel(21)	1579.46	-0.2	1582.64	1576.47	1572.61	1832.68	4.47	1.27	22.11	25.73	818.87
30 CONSUMER GOODS(94)	2996.81	-0.6	3016.40	3023.90	3015.38	2689.39	4.32	1.63	17.69	52.92	1060.68
31 Breweries(18)	2257.84	-1.1	2283.93	2286.32	2285.86	2304.20	4.25	2.00	14.74	12.18	1034.52
32 Spirits, Wines & Ciders(10)	2732.56	-0.7	2753.04	2752.48	2738.57	2926.19	4.25	1.83	16.08	54.52	942.77
33 Food Producers(24)	2413.56	-0.4	2424.43	2429.37	2421.17	2317.49	4.18	1.66	15.05	51.64	1049.37
34 Household Goods(10)	[illegible]										
36 Health Care(18)	[illegible]										
37 Pharmaceuticals(12)	[illegible]										
38 Tobacco(2)	[illegible]										
40 SERVICES(229)	[illegible]										
41 Distributors(32)	[illegible]										
42 Leisure & Hotels(29)	[illegible]										
43 Media(43)	[illegible]										
44 Retailers, Food(16)	[illegible]										
45 Retailers, General(44)	[illegible]										
48 Support Services(37)	[illegible]										
49 Transport(21)	[illegible]										
51 Other Services & Business(7)	[illegible]										
60 UTILITIES(37)	[illegible]										
62 Electricity(17)	[illegible]										
64 Gas Distribution(2)	[illegible]										
66 Telecommunications(4)	[illegible]										
68 Water(13)	[illegible]										
69 NON-FINANCIALS(685)	[illegible]										
70 FINANCIALS(118)	[illegible]										
71 Banks, Retail(9)	[illegible]										
73 Insurance(26)	[illegible]										
74 Life Assurance(6)	[illegible]										
77 Other Financial(23)	[illegible]										
79 Property(45)	[illegible]										
80 INVESTMENT TRUSTS(133)	[illegible]										
89 FT-SE-A ALL-SHARE(914)	[illegible]										
FT-SE-A Fledgling	[illegible]										
FT-SE-A Fledgling ex Inv Trusts	[illegible]										

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	[illegible]										
FT-SE Mid 250	[illegible]										
FT-SE-A 350	[illegible]										

[illegible]

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	[illegible]											
Pharmaceuticals	[illegible]											
Water	[illegible]											
Banks, Retail	[illegible]											

[illegible]

TRADING VOLUME

■ Major Stocks Yesterday

[illegible]

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WORLD STOCK MARKETS

EUROPE

AUSTRIA (Apr 18 / Sch)

[illegible]

BELGIUM/LUXEMBOURG (Apr 18 / Frs.)

[illegible]

CZECH REP (Apr 18 / Koruna)

[illegible]

DENMARK (Apr 18 / Kr)

[illegible]

FINLAND (Apr 18 / Mkk)

[illegible]

FRANCE (Apr 18 / Frs.)

[illegible]

GERMANY (Apr 18 / Dm.)

[illegible]

GREECE (Apr 14 / Drachma)

[illegible]

ITALY (Apr 18 / Lira)

[illegible]

NETHERLANDS (Apr 18 / Fls.)

[illegible]

NORWAY (Apr 13 / Krone)

[illegible]

POLAND (Apr 13 / Zloty)

[illegible]

PORTUGAL (Apr 18 / Escudo)

[illegible]

SPAIN (Apr 18 / Pta.)

[illegible]

SWEDEN (Apr 18 / Kronor)

[illegible]

SWITZERLAND (Apr 18 / Frs.)

[illegible]

TURKEY (Apr 18 / Tk Lira)

[illegible]

PACIFIC

JAPAN (Apr 18 / Yen)

[illegible]

HONG KONG (Apr 18 / H.K.$)

[illegible]

INDONESIA (Apr 18 / Rupiah)

[illegible]

MALAYSIA (Apr 18 / MYR)

[illegible]

NEW ZEALAND (Apr 18 / NZ $)

[illegible]

SINGAPORE (Apr 18 / S$)

[illegible]

AUSTRALIA (Apr 18 / Aust$)

[illegible]

SOUTH KOREA (Apr 18 / Won)

[illegible]

TAIWAN (Apr 18 / TW $)

[illegible]

THAILAND (Apr 18 / Baht)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Apr 18 / Can $)

4 pm close

[illegible]

MONTREAL (Apr 18 / Can $)

4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Apr 18 / Rand)

[illegible]

INDICES

[illegible]

INDEX FUTURES

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ CAC-40 (200 x index)							
Mar	1880.0	1885.0	-29.0	1881.0	1869.0	14,482	28,736
Apr	1876.5	1882.5	-28.0	1876.5	1861.5	689	10,657
■ DAX							
Jun	1971.0	1981.0	-29.0	1976.5	1957.5	10,541	
Sep	1997.0	1988.5	-30.0	1997.0	1983.0	12	

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
■ OMX							
Apr	1170.00	1168.50	-3.95	1173.00	1168.00	3,878	22,757
May	1161.50	1160.75	-7.25	1161.75	1160.00	412	2,181
■ SOFFEX							
Apr	2548.0	2545.0	-17.0	2550.0	2543.0	4,551	14,898
Jun	2520.0	2520.0	-10.0	2520.0	2520.0	501	722

— Sat Apr 15: Taiwan Weighted Price 6247.78; Korea Comp Ex 911.41. Base values of all indices are 100 except Australia All Ordinary and Mining — 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX — all 1,000; JSE Gold — 255.7; JSE 25 Industrials — 264.3; NYSE All Common — 50 and Standard and Poor's — 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Apr 18 - 1984.82 -28.97.

US INDICES

Dow Jones	Apr 17	Apr 13	Apr 12	1995 High	1995 Low	Since compilation High	Since compilation Low
Industrials	4195.35	4208.18	4197.81	4208.18 (13/4)	3832.08 (30/1)	4208.18 (13/4/95)	41.22 (2/7/32)
Home Bonds	98.77	98.80	98.81	98.59 (13/4)	93.63 (3/1)	108.77 (18/10/93)	54.99 (1/10/81)
Transport	1649.78	1667.85	1654.61	1667.85 (13/4)	1473.18 (3/1)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	190.26	192.72	191.87	198.74 (8/2)	183.08 (3/1)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 4260.06 (4243.46) Low 4174.89 (4175.94) (Theoretical♦)
Day's high 4237.23 (4221.32) Low 4188.51 (4196.08) (Actual♦)

Standard and Poors	Apr 17	Apr 13	Apr 12	1995 High	1995 Low	Since compilation High	Since compilation Low
Composite ‡	506.13	509.23	507.17	509.23 (13/4)	459.11 (3/1)	509.23 (13/4/95)	4.40 (1/6/32)
Industrials¶	601.58	604.80	602.49	604.80 (13/4)	546.28 (3/1)	604.80 (13/4/95)	3.62 (21/6/32)
Financial	47.46	47.63	47.36	47.84 (7/4)	41.41 (3/1)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	273.54	275.80	274.04	275.80 (13/4)	250.73 (3/1)	275.80 (13/4/95)	4.46 (25/4/42)
Amex Mkt Val	473.11	471.98	471.40	473.11 (17/4)	433.12 (3/1)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	830.82	832.84	828.53	832.84 (13/4)	743.58 (3/1)	832.84 (13/4/95)	54.87 (31/10/72)

■ RATIOS

	Apr 13	Apr 7	Mar 31	Year ago
Dow Jones Ind. Div. Yield	2.60	2.61	2.64	2.77

	Apr 12	Apr 5	Mar 29	Year ago
S & P Ind. Div. yield	2.25	2.26	2.27	2.61
S & P Ind. P/E ratio	18.15	18.11	18.06	23.67

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Compaq	6,912,500	34¼	+1¾
Motorola	6,754,800	53⅞	-1¾
Chrysler	5,669,400	45	+⅛
Tele Danm	5,254,800	27	+⅛
K Mart	4,006,200	14⅛	+⅛
Amer T & T	3,779,200	50¼	-1
Airtouch	3,757,400	25⅛	-⅛
Digital Equip	3,474,100	46	+⅞
Citicorp	3,111,300	47⅝	+1⅛
Ford Motor	3,108,300	27	-⅛

■ TRADING ACTIVITY

● Volume (million)	Apr 17	Apr 13	Apr 12
New York SE	328.890	301.518	327.828
Amex	16.711	15.595	18.304
NASDAQ	335.650	338.850	319.849
NYSE			
Issues Traded	2,978	2,982	2,873
Rises	1,108	1,262	1,168
Falls	1,123	896	991
Unchanged	744	804	818
New Highs	144	111	92
New Lows	23	22	14

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
■ S&P 500							
Jun	508.50	508.20	+0.80	508.65	506.40	79,301	197,424
Sep	513.50	513.50	+1.20	513.80	513.50	762	11,850
■ Nikkei 225							
Jun	16350.0	16230.0	-120.0	16400.0	16190.0	20,280	128,830
Sep	16380.0	16340.0	+140.0	16400.0	16340.0	33	101

Open interest figures for previous day.

† Correction. * Calculated at 15.00 GMT. @ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ¶ Subject to official recalculation.

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are for 1995, except Toronto & Montreal (daily). ‡ Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Priced in US $.

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■ TOKYO - MOST ACTIVE STOCKS: Tuesday, April 18, 1995

	Stocks Traded	Closing Prices	Change on day
Sanrio	3.5m	977	+17
Mitsui Min & Sml	3.3m	348	+8
Nippon Steel	2.8m	337	-3
Fudo Const	1.8m	852	+1
Toshiba	1.8m	584	-11
Hitachi	1.8m	866	-7
Denki Kagaku	1.6m	355	
Tosoh	1.5m	419	-5
NEC	1.4m	900	-10
Mitsubishi Chem	1.3m	475	+2

4 pm close April 18

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

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4 pm close April 18

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

NASDAQ NATIONAL MARKET

4 pm close April 18

[illegible]

AMEX COMPOSITE PRICES

4 pm close April 18

[illegible]

AMERICA

Dow declines again as bonds edge higher

Wall Street

US stocks were unimpressed by a spate of stronger than expected earnings reports and another indication of a slowdown in the economy, *writes Lisa Bransten in New York.*

At 1 pm the Dow Industrial Average was 11.06 lower at 4,184.32, while the more broadly based Standard & Poor's 500 eased 0.01 to 506.12. The American Stock Exchange composite was off 1.29 at 471.82 and the Nasdaq composite lost 2.71 at 828.11. Trading volume on the NYSE came to 195m shares.

Stocks and bonds moved in opposite directions, the Treasury market edging higher after data showed housing starts at their lowest level for two years.

Weakness in the equity market marked a reversal of the recent trend in which encouraging ecooomic data has sent stocks higher on the basis that the Federal Reserve would not undertake another round of monetary tightening. Traders suggested that some of the selling yesterday was due to Friday's expiration of stock options.

Reports of earnings that exceeded analysts expectations helped a number of shares gain ground. Johnson & Johnson jumped $2 to $62½ after reporting net income of $1.02 per share, 6 cents a share ahead of estimates. Wells Fargo gained $2 at $162½ after reporting income of $4.41 per share against the median estimate of $4.27.

Both Merrill Lynch, the investment bank, and Chase Manhattan, the commercial bank, were helped by news that they would increase their dividends: Merrill gained $⅞ at $44¼ and Chase jumped $2¼ at $44⅞.

General weakness among technology stocks contributed to softness in the Nasdaq composite, which is heavily weighted toward such issues. Microsoft was $⅝ lower at $76⅝, Apple Computer lost $¼ at $38½ and Lotus Development dropped $1¹⁄₁₆ to $31⅞.

Also holding down the Nasdaq was a 17 per cent decline in the price of Ventritex, the medical devices company, off $3¼ at $14¼ after reporting relatively strong third quarter earnings on Monday. However, it also said that it anticipated lower revenues for the next several quarters because of increased competition.

SyQuest Technology dropped $1¹⁵⁄₁₆ to at $11⅞ after reporting earnings of 30 cents a share, 7 cents below the median estimate.

Canada

Toronto stocks remained lower in quiet midday trading, with strength in gold issues offsetting losses in most other sectors.

The TSE-300 composite index was off 9.18 at 4,293.54 in volume of 15.6m shares valued at C$193m.

Declining stocks outweighed those advancing by 245 to 189, with 293 issues unchanged.

Among the active stocks, Maple Leaf Foods declined C$⅛ to C$13½ ahead of a vote by shareholders today on whether to accept a C$1.06bn takeover offer.

Mexican stocks easier

Mexico City was moderately weaker in early trading and activity was reported to be slack. The IPC index softened 12.84 to 1,811.29.

By mid-morning there had beeo little reaction to the announcement that Mexico was to receive $3bn of the US aid package on April 21.

Telmex A shares were unchanged in local trade, while the L shares were off 0.5 per cent.

SAO PAULO followed Monday's 3 per cent rise with a further gain in the Bovespa index, whicb by midday had added 504 points at 31,636.

The market was being belped by positive expectations that President Fernando Henrique Cardoso's official visit to the US this week could encourage an increase in foreign investment.

BUENOS AIRES was slightly lower in early dealings, with the Merval index having lost 0.97 of a point at 362.17.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1995	Start of 1995	Start of 1995
Austria	-0.36	-3.14	-15.49	-8.82	-0.76	+1.69
Belgium	+1.24	+4.04	-6.23	-0.63	+9.38	+12.09
Denmark	+1.07	-2.62	-14.32	-6.65	+1.52	+4.02
Finland	-1.80	-3.33	-3.34	-10.83	-3.63	-1.25
France	-0.86	+5.20	-11.49	+1.07	+8.46	+11.13
Germany	+0.22	-0.84	-11.50	-6.38	+1.88	+4.40
Ireland	+1.06	+4.62	+4.34	+2.18	+5.47	+8.08
Italy	+2.96	+5.94	-20.17	-1.60	-8.63	-6.38
Netherlands	+0.31	+2.68	-4.08	-1.58	+7.10	+9.74
Norway	+0.64	+2.80	-5.90	-6.50	-0.73	+1.72
Spain	+0.08	+3.69	-12.91	-3.28	-0.73	+3.11
Sweden	+0.56	+4.28	+6.38	+4.47	+3.90	+6.47
Switzerland	+0.24	+2.20	-8.41	-2.77	+7.98	+10.64
UK	-0.08	+3.89	+0.92	+4.34	+4.34	+6.91
EUROPE	+0.13	+3.04	-6.18	+0.07	+4.17	+6.74
Australia	+1.77	+5.28	-1.20	+5.88	-1.34	+1.10
Hong Kong	+1.56	-0.08	-12.69	+5.81	+3.31	+5.86
Japan	+1.51	-0.05	-20.26	-17.28	-3.33	-0.94
Malaysia	-0.97	-1.31	-4.27	-1.82	-0.75	+1.70
New Zealand	+1.09	+7.24	+6.01	+10.69	+13.39	+16.21
Singapore	+0.57	+1.08	-2.75	-6.51	-4.66	-2.31
Canada	+0.66	+1.42	+4.95	+2.93	+2.96	+5.50
USA	+0.59	+2.76	+14.53	+10.84	+8.17	+10.84
Mexico	-6.65	+12.35	-11.06	-19.09	-38.23	-36.70
South Africa	-2.03	+1.30	+7.60	-9.61	-0.25	+2.21
WORLD INDEX	+0.67	+1.98	-3.67	-1.85	+2.56	+5.10

† Based on April 14, 1995.

EUROPE

Senior bourses fall, volume low on $ weakness

The dollar, its decline, and the studiously observed threat to European corporate earnings offered bourses little excuse for a revival yesterday, *writes Our Markets Staff.* Most dealers said that big investors were staying away from equities for the time being.

At Merrill Lynch, Mr Mike Young and Mr Peter Sullivan said strategies should reflect the currency problem: "Producer exposure should increasingly be towards the soft currency markets," they maintained. "Exposure to the consumer and to bond proxies should be tha key to strategy in the hard currency markets."

FRANKFURT equities weakened in tandem with the dollar, featuring above-average falls in a wide range of cyclicals and in Lufthansa, perceived as a dollar stock. The Dax index dropped through a session's close of 1,965.29 to an Ibis-indicated, post-bourse close of 1,954.62, down 28.37 or 1.4 per cent. Turnover stayed very low, at DM3.8bn against Thursday's DM3.3bn.

Deutsche Bank fell DM12 to DM658 and Lufthansa by DM5.70 or 3.1 per cent to DM178.20. In cyclicals, Daimler continued to suffer from a peppering of analysts' earnings downgrades, the shares falling another DM15.70 to DM618. Ms Barbara Altmann at B Metzler in Frankfurt said that Metzler had reduced its earnings forecasts for the defence and automotive major from DM30 to DM24 for 1995, and from DM40 to DM25 for 1996.

Meanwhile, one of the less cyclical chemicals, Henkel, reported a 20 per cent increase in net 1994 profits but little joy in detergents, where it has the European rights to the Persil brand name outside the UK and France. More detail was expected on the 1994 results, and on prospects today; hut yesterday afternoon the shares fell DM12 to DM533.

PARIS followed the Continental trend, the CAC-40 index losing 25.44 at 1,855.70 in turnover of just FFr2.2bn.

Market activity was expected to slow down over the rest of the week as Sunday's first round of the presidential election edges nearer. Given the likelihood of a victory by the centre-right, and more specifically the election to the Elysée of Mr Jacques Chirac, analysts did not expect a sharp move in equities.

Paribas, for instance, commented yesterday that monetary policy would change very little under the new president, although there were clear differences over the fiscal programme, with the Socialist candidate Mr Lionel Jospin favouring tax rises as opposed to pledges of tax cuts from Mr Chirac and Mr Edouard Balladur. Although a victory by Mr Jospin now seemed unlikely, this scenario was the one liable to provoke a sharp fall in equity prices, said Paribas, with the CAC-40 perhaps falling to the 1,750 level.

Financial sector stocks were affected by a rise in bond yields: Société Générale declined FFr12 to FFr521, BNP FFr7.10 to FFr231.90 and Paribas FFr10.50 to FFr293.

There was better news for Crédit Lyonnais after the group forecast that it would make a profit in the first half of the year. The narrowly traded CIs made FFr4 to FFr209.

Alcatel Alsthom lost FFr6 to FFr447.90 ahead of a board meeting late last night at which it was expected that Mr Marc Vienot would be named as interim chairman, replacing Mr Pierre Suard, who lost a court appeal on Good Friday against a ruling which banned him from holding office.

Eurotunnel recovered following last week's heavy losses, the shares rising 60 centimes to FFr16.35 as short positions were covered.

AMSTERDAM was pressured by the weakness of the dollar, although some measure of support was provided by bonds.

The AEX index fell 1.12 to 405.47. Turnover was particularly weak, while a lack of corporate news only added to the unwillingness of investors to take positions.

Philips led the actives list, rising 10 cents to Fl 54.60 and in volume of about 1m shares, with US buying seen as prominent. Royal Dutch and Unilever reacted to the weakness of the dollar, both sensitive to the movements on the currency markets. The oil group fell back Fl 1.50 to Fl 185.80, unable to gain support from the rise in the price of crude, and Unilever lost Fl 1.70 to Fl 202.50.

Nedlloyd was one of the bright spots, gaining Fl 1.80 or 3.8 per cent at Fl 49.00, with investors encouraged by the transport group's good results at the end of last week.

ZURICH dealers said that investors were unwilling to take positions after the long Easter holiday weekend. Turnover was low as the SMI index shed 13.20 to 2,547.1.

Frankfurt's disaffection with cyclicals in general seemed to spin off into Swiss engineers, where Brown Boveri bearers fell SFr25 to SFr1,085, Schindler by SFr100 to SFr6,050 and Sulzer by SFr18 to SFr642.

MILAN missed many of its institutional investors. The Comit index added 2.52 at 619.84, while the real-time Mibtel index slipped 8 to 9,793.

Pirelli was a feature, losing L56 to L2,160, following news at the end of last week of a L384bn capital increase by its parent company Pirelli SpA, off L114 at L2,884.

DUBLIN was sabotaged by a drop in Jefferson Smurfit, Ireland's largest industrial concern, and the ISEQ general index fell 25.21 or 1.3 per cent to 1,852.79. Capacity increases at a US papermaker were seen as a threat to Smurfit, which reports on 1994 today and fell 15p or 4.2 per cent yesterday to 345p.

WARSAW axtended its rebound on renewed buying pressure, the Wig index rising 318.0 to 7,622.4 in turnover of 55.7m zlotys. Earlier in the day Pioneer First Polish, which manages Poland's only mutual fund, said that it planned a closed-end fund for US investors interested in the Polish market, as well as a new, open-ended fund which would invest in high-risk Polish shares and would be oriented towards domestic investors.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices

Apr 18 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1270.87	1271.24	1271.55	1270.83	1271.11	1269.88	1270.06	1269.49
FT-SE Eurotrack 200	1369.27	1368.86	1370.63	1369.87	1370.53	1369.92	1370.65	1372.53

	Apr 13	Apr 12	Apr 11	Apr 10	Apr 7
FT-SE Eurotrack 100	1281.68	1281.77	1281.08	1282.84	1281.80
FT-SE Eurotrack 200	1381.03	1378.71	1380.31	1376.53	1380.37

Base 1000 (26/10/90); Highday: 100 - 1272.75; 200 - 1374.54 Lowday: 100 - 1268.86 200 - 1368.23 † Partial

ASIA PACIFIC

Nikkei retreats as Sydney, Wellington move ahead

Tokyo

Volume slumped again yesterday, although the rise in the yen prompted small-lot profit-taking, *writes Emiko Terazono in Tokyo.*

The Nikkei 225 average traded in a tight range, closing 79.04 lower at 16,225.11 after a high of 16,322.68 and a low of 16,153.28. Turnover fell from 180m shares to 149m, the lowest since January 9.

Early falls on arbitrage unwinding were offset later as banks placed buy orders. Traders said investors remained cautious over the course of the currency market and the effect of the US-Japan auto parts trade talks.

The Topix index of all first section stocks shed 4.98 to 1,297.95 and the Nikkei 300 lost 1.16 at 240.35. Declines outpaced advances by 540 to 404, with 207 issues unchanged. In London the ISE/Nikkei 50 index eased 0.35 to 1,067.53.

Buying was scarce, but some individual investors bought utility companies. Some analysts pointed out tbe possibility that the fall in interest rates would encourage individual investors to buy stocks with high dividend yields, rather than place their funds in bank deposits.

Mr Darrel Whitten at Lehman Brothers said: "One-year fixed deposits at major banks have recently been lowered to 1.5 per cent, while they can now buy stocks yielding from 1.75 per cent to as high as 3.9 per cent."

Electric power utilities, however, were mixed after rising in the morning session on active purchasing by individual and institutional investors. Hokuriku Electric Power slipped Y10 to Y2,290 and Tokyo Electric Power remained unchanged at Y2,720.

Sanrio, the most active issue of the day and a speculators' favourite in mid-1994, recovered Y17 to Y977 on short-covering. The stock dropped by its daily limit on Monday over financial problems at an affiliate.

A rally in the gold market helped Mitsui Mining and Smelting rise Y9 to Y348 and Sumitomo Metal Mining gain Y1 at Y731. Brokers and individuals were among the main buyers.

High-technology issues were hurt by the dollar's decline to the Y81 level. Hitachi softened Y1 to Y856 and Toshiba receded Y11 to Y564. Sony, however, moved up Y10 to Y4,160.

In Osaka, the OSE average was down 12.01 to 17,897.36 in volume of 9m shares.

Roundup

The US dollar's fall to fresh lows against the Japanese yen weakened several markets in the region, but some had their own agendas.

SYDNEY went its own way, finishing at a five-month high on selective buying by overseas institutions. The All Ordinaries index rose 19.8 to 2,040.5 in turnover of A$406.7m.

Oils firmed on renewed strength in the oil price, with Santos up 1 cent at A$3.67 and Woodside appreciating 7 cents to A$5.65.

WELLINGTON continued to take an interest in the bid announced late last week by International Paper for a 51 per cent stake in Carter Holt Harvey, the forestry group, which put on 10 cents at NZ$3.80.

The NZSE-40 Capital index gained 21.21 or 1.01 per cent at 2,114.32. Turnover was an all-time record at NZ$1.1bn.

Other blue chips were strong, Fletcher Challenge adding 6 cents at NZ$4.09 and Telecom 8 cents at NZ$6.01.

KUALA LUMPUR improved slightly as investors bought blue chips ahead of an anticipated recovery after the general elections on April 25. The composite index rose 1.67 to 964.30 in turnover of M$432m.

Among leading stocks, Tenaga Nasional lost 10 cents at M$10.40 but Telekom Malaysia edged up 10 cents to M$17.10.

HONG KONG declined in very quiet post-boliday trade, with investors discouraged by the weakness of the US dollar. The Hang Seng index dipped 17.02 to 8,644.97 in HK$2.15bn turnover.

Property stocks registered the biggest falls: Cheung Kong 30 cents to HK$34.80 and Sun Hung Kai Properties 75 cents to HK$52.25. Banks went in the opposite direction as HSBC rose 50 cents to HK$91.50.

SINGAPORE fell slightly in cautious trading as the Straits Times Industrial index slipped 2.64 to 2,051.09. The session's main movers included Cycle and Carriage, down 10 cents to S$12.00, Keppel, off 30 cents to S$11.10, and Sembawang, 10 cents lower at S$9.70.

SEOUL finished easier after profit-taking wiped out early gains. The composite index was off 1.53 at 917.06 after a session's high of 924.93.

Brokers said the market had risen on expectations of buying intervention by the securities market stabilisation fund. There were also reports, denied later by the authorities, that the foreign share ownership ceiling would be raised in the near future.

Hyundai Motors was in favour, moving forward Won500 to Won47,700.

TAIPEI rebounded from the session's lows but sentiment remained bearish because of weakness in the financial sector.

After falling to an intraday low of 6,050.81 the weighted index ended 5.51 down at 6,106.56 in turnover of T$40bn.

Financials continued to lose ground but the paper sector rose 1.4 per cent on increases in the price for pulp in the world markets.

MANILA retreated on profit-taking and the composite index dipped 10.32 to 2,477.63. Turnover was 1.8bn pesos. PLDT receded 10 pesos to 1,600 pesos following a decline in its ADRs on Wall Street.

BANGKOK declined as investors sold finance and securities shares on worries that earnings could be diluted following a number of rights issues. The SET index slid 16.30 to 1,177.83 in turnover of Bt2.84bn.

KARACHI fell back as new violence in Karachi depressed sentiment, but speculative buying prevented a sharp decline. The KSE 100-share index lost 4.21 at 1,614.24.

BOMBAY finished down in expectation that interest rates would rise soon. The BSE-30 index shed 32.59 to 3,427.87.

Indian Petrochemicals Corporation resisted the overall mood after declaring good results for fiscal 1994/95. The shares put on Rp8.75 at Rp170.

S African gold shares rise

Gold shares ended a slow day's trading off their best levels as a late slide in the price of bullion led to some profits being taken. However, the sector's index remained well on tbe positive side, showing a gain of 49.8 at 1,514.9.

Other stocks were generally firmer, with selective demand notedfor industrials. The overall index rose 43.00 to 5,404.9 and tha industrials index improved 25.5 to 6,679.4.

Traders said that volume was low becanse of the four-day Easter weekend, and that investors were also waiting for the quarterly results from Anglovaal, Gencor, Anglos and Randgold, dne to be released throughout the week.

Among the main moves, De Beers collected R2 at R95.50, Anglos R4 at R208.75 and Gencor 10 cents at R12.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 17 1995								FRIDAY APRIL 14 1995					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (63)	173.55	0.0	159.27	90.04	123.75	155.82	0.0	3.89	173.52	160.48	91.39	125.40	155.82	180.82	157.95	169.89
Austria (27)	188.34	1.4	172.94	97.71	134.29	134.21	0.0	1.29	185.83	171.86	97.87	134.29	134.21	198.89	187.46	179.15
Belgium (35)	189.87	0.8	174.24	98.50	135.38	133.04	-0.0	3.96	188.79	174.60	99.43	136.43	133.04	188.87	161.66	164.93
Brazil (28)	112.66	2.5	103.39	58.45	80.33	187.77	2.3	1.72	109.87	101.61	57.87	79.40	183.54	-	-	-
Canada (103)	136.57	0.0	125.33	70.65	97.37	134.92	-0.3	2.59	136.51	126.25	71.90	98.65	135.26	140.25	120.54	128.06
Denmark (33)	264.85	1.1	243.06	137.41	188.85	194.57	0.0	1.63	261.94	242.25	137.98	189.29	194.57	275.27	236.61	247.99
Finland (24)	186.23	1.4	170.91	96.62	132.79	164.93	-0.0	1.45	183.63	169.83	96.72	132.70	164.93	201.41	133.86	146.93
France (101)	183.85	1.1	168.72	95.38	131.09	138.37	0.0	3.10	181.76	168.10	95.73	131.35	138.37	186.25	157.79	171.48
Germany (58)	151.63	1.4	139.15	78.67	108.11	108.11	0.0	2.15	149.61	138.36	78.80	108.11	108.11	154.61	132.08	137.45
Hong Kong (55)	345.00	-0.1	316.62	178.99	246.00	342.50	-0.1	3.93	345.25	319.30	181.84	249.50	342.79	416.42	277.40	383.14
Ireland (16)	224.32	0.6	205.86	116.38	159.95	192.27	0.0	3.53	222.89	208.14	117.39	161.07	192.27	224.32	180.67	187.39
Italy (58)	71.07	0.8	65.22	36.87	50.67	89.78	0.0	1.71	70.49	65.19	37.12	50.94	89.78	87.78	65.45	91.74
Japan (483)	159.97	2.8	146.81	83.00	114.07	83.00	1.4	0.92	155.47	143.78	81.88	112.35	81.88	170.10	136.95	157.79
Malaysia (97)	483.43	-0.8	443.65	250.81	344.70	458.66	-0.9	1.75	487.54	450.90	256.78	352.32	462.86	594.78	398.16	476.31
Mexico (18)	897.77	0.1	823.90	465.77	640.13	6149.60	-0.3	1.77	896.40	829.02	472.11	647.78	6169.58	2414.12	847.81	1888.31
Netherland (19)	240.91	1.2	221.09	124.99	171.78	169.05	0.0	3.73	238.01	220.12	125.36	172.00	169.05	240.91	194.56	202.57
New Zealand (14)	82.22	0.4	75.45	42.66	58.63	64.99	0.0	4.54	81.87	75.71	43.12	59.16	64.69	82.22	63.45	65.51
Norway (33)	219.41	1.2	201.36	113.83	156.44	182.99	-0.0	2.31	216.84	200.54	114.21	156.70	182.99	218.41	177.53	193.82
Singapore (44)	363.91	-0.1	333.97	188.80	259.48	233.89	-0.2	1.84	364.43	337.04	191.94	263.36	234.32	401.36	313.94	331.38
South Africa (59)	343.60	-0.1	315.60	178.42	245.21	271.08	-0.0	2.50	344.16	318.29	181.26	248.70	271.08	353.13	214.42	214.42
Spain (38)	138.52	1.8	127.12	71.86	98.76	128.18	0.7	4.44	136.07	125.84	71.66	98.33	127.28	150.21	124.10	138.82
Sweden (48)	249.14	1.2	228.64	129.25	177.64	265.71	0.0	2.16	246.07	227.57	129.60	177.82	265.71	249.14	196.70	212.19
Switzerland (47)	186.09	1.8	170.78	96.54	132.86	130.31	0.0	1.93	182.77	169.03	96.26	132.06	130.31	186.09	149.91	161.07
Thailand (46)	138.76	-0.4	127.34	71.99	98.94	132.08	-0.5	3.21	139.28	128.81	73.36	100.65	132.74	-	-	-
United Kingdom (203)	209.92	0.8	192.64	108.91	149.68	192.64	-0.0	4.26	206.30	192.64	109.71	150.53	192.64	209.92	161.11	191.83
USA (510)	205.82	-0.8	188.80	107.30	147.47	206.82	-0.6	2.75	208.11	192.47	109.61	150.39	208.11	208.11	178.72	181.63
Americas (659)	189.37	-0.6	173.79	98.25	135.02	158.62	-0.8	2.72	190.44	176.12	100.30	137.52	159.74	-	-	-
Europe (741)	182.33	1.1	167.33	94.59	130.01	150.77	0.0	3.24	180.34	166.78	94.98	130.32	150.73	182.33	160.59	167.82
Nordic (138)	237.38	1.2	217.85	123.15	169.26	208.35	0.0	1.97	234.47	216.85	123.49	169.44	208.36	237.38	197.70	204.02
Pacific Basin (822)	167.55	2.4	153.76	86.93	119.47	93.32	1.1	1.28	163.60	151.30	86.16	118.23	92.30	176.86	145.93	166.36
Euro-Pacific (1563)	173.81	1.8	159.32	90.07	123.79	115.15	0.6	2.14	170.47	157.66	89.78	123.19	114.43	175.14	154.73	166.82
North America (613)	202.47	-0.6	185.81	105.04	144.36	201.94	-0.8	2.74	203.88	188.37	107.27	147.19	203.17	203.68	176.47	173.30
Europe Ex. UK (538)	163.48	1.3	150.03	84.82	116.57	127.52	0.0	2.66	161.40	149.27	85.01	116.63	127.47	163.48	144.12	151.09
Pacific Ex. Japan (339)	243.72	-0.2	223.67	126.45	173.78	212.62	-0.2	3.28	244.20	225.85	128.61	176.47	213.34	273.13	211.19	250.41
World Ex. US (1771)	173.74	1.8	159.45	90.14	123.88	118.42	0.6	2.15	170.76	157.92	89.93	123.40	117.71	176.65	155.42	187.13
World Ex. UK (2078)	180.96	0.9	166.07	93.88	129.03	139.63	0.2	2.18	179.34	165.86	94.46	129.60	139.39	180.96	163.46	168.92
World Ex. Japan (1798)	197.95	0.1	181.66	102.70	141.14	182.96	-0.3	2.95	197.77	182.90	104.18	142.91	183.54	167.95	176.74	180.03
The World Index (2261)	183.50	0.8	168.40	95.20	130.84	144.24	0.2	2.36	181.89	168.21	95.79	131.44	144.01	183.50	166.92	170.94

Markets open 17/4/95: Brazil, Japan, Canada, Malaysia, Mexico, Singapore, Spain, Thailand and USA. Latest prices were unavailable for this edition.

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